OEM

Annual report 2014

The Annual General Meeting will be held on Thursday 23 April, at 4.00 pm at Badhotellet's Conference centre, Ågatan 16, Tranås, Sweden.

Registration

Shareholders wishing to attend the Annual General Meeting must:
- be entered in the share register held by Euroclear Sweden AB by Friday 17 April 2015.
- notify the company no later than Friday 17 April 2015, before 1 pm at:

OEM International AB,
Box 1009, SE-57328 TRANÅS, Sweden
Tel. +46 (0)75-242 40 14, (0)75-242 40 05 or
e-mail: anna.enstrom@oem.se

When notifying OEM of their attendance, shareholders should state their name, personal identity number (company registration number), address, phone number, their shareholding and the names of any proxies.

Shareholders who have registered their shares in the name of an authorised agent must temporarily register the shares in their own name with Euroclear Sweden AB by Friday 17 April 2015 to be entitled to attend and vote at the Annual General Meeting.

If participation is by proxy with power of attorney, the original power of attorney document and any authorisation documents must be sent to the company in good time before the Annual General Meeting. A representative of a legal entity must also submit a signed copy of a registration certificate or equivalent authorisation document to show that they may represent the legal entity. Shareholders who wish to be represented by proxy may obtain a power of attorney form from the company's head office or its website www.oem.se no later than 25 March 2015.

Dividends

The Board of Directors recommends to the Annual General Meeting a dividend of SEK 4.25 per share for the financial year 2014 and Monday 27 April 2015 as the record date. If approved by the Annual General Meeting, the dividend is payable on Thursday 30 April 2015 to shareholders on the share register on the record date.

Business

A notice stating the agenda and business of the Annual General Meeting will be published in the daily press and will be available on OEM's website, www.oem.se.

The agenda can also be obtained from the company when registering to attend the Meeting.

Future reports

Interim report, January–March, 23 April 2015
Interim report, January–June, 13 July 2015
Interim report, January–September, 20 October 2015
Financial statement 2015, 18 February 2016
Annual Report 2015, March/April 2016

Contents

Most profitable year in OEM's history

2014 was an excellent year for OEM. Operating profit (EBITA) rose 13 % to SEK 196 million (174), making 2014 the most profitable year in OEM's history. Growth has been good in all regions and together resulted in net sales of SEK 1,887 million. This is an increase of 13 % over last year with acquisitions and foreign currency effects accounting for 8 percentage points.

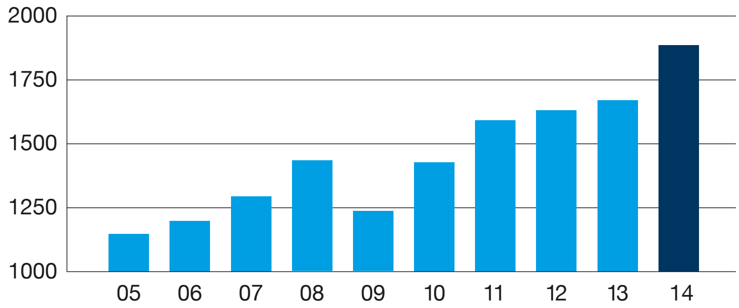
Sales were up 11 % in Sweden, which is OEM's largest region. Growth was highest in the largest units – OEM Automatic, Elektro Elco, OEM Motor and OEM Electronics all reported excellent figures.

In the Finland, Baltic states and China region, sales increased by 15 %, which is very impressive in a market with no underlying growth. Sales were up 18 % in the third region; Denmark, Norway, the UK and Central Eastern Europe. Growth is strongest in the countries of Central Eastern Europe.

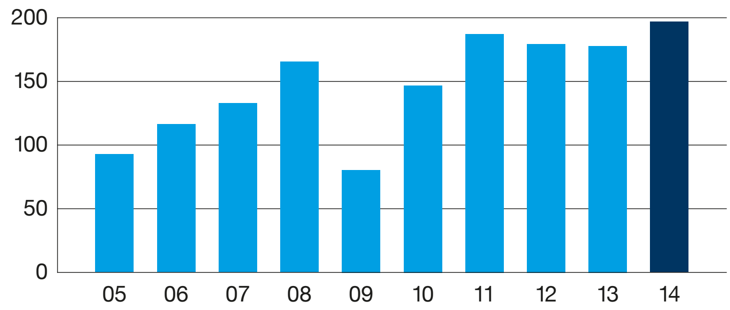
Five acquisitions were made during the year, in line with the goal of annually acquiring businesses with combined sales of at least SEK 100 million. Acquisitions are an important part of the Group's growth and are the basis for product range development and entry into totally new market segments.

All the financial targets for 2014 were exceeded, largely thanks to our highly-efficient business model and our ongoing focus on the details that are enabling us to improve and develop our operations. The Board proposes an increase in the dividend to SEK 4.25 per share (4.00), which means five consecutive years of dividend increases.

Sales growth (SEK MILLION):



Earnings trend (EBITA, SEK MILLION):



Summary

	2014	2013	%
Net sales (SEK MILLION)	1887	1668	13
Operating profit (EBITA, SEK MILLION)	196	174	13
Profit before tax (SEK MILLION)	176	157	12
Profit for the year (SEK MILLION)	137	121	13
Earnings per share (SEK)	5.92	5.24	13
Shareholders' equity per share (SEK)	23.82	31.28	-24
Average no. of employees	654	631	4
Equity/assets ratio (%)	49	66	
Share price at year-end (SEK)	110.00	88.75	24
Proposed dividends (SEK)	4.25	4.00	6

An international technology trading group

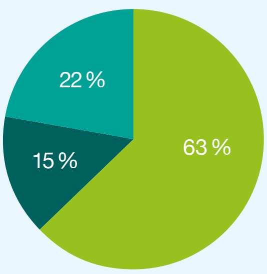
About OEM
OEM is one of the leading technology trading groups in Europe. Since its inception, the company has been a link that creates value between its customers and leading international manufacturers of industrial components and systems. The business concept that laid the foundation for the company's operations more than 40 years ago is the same today and the company has grown from a small, family-owned business in Tranås to a global group with more than 25,000 customers.

Offering
OEM has a portfolio of more than 30,000 products from 300 suppliers who, with strong brands, are among the leading players in their respective niches. OEM's extensive product know-how, years of experience and outstanding application expertise add tremendous value to its customers' development and production processes.

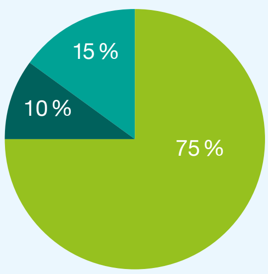
Customers
OEM's customers operate primarily in various segments in the manufacturing sector. Many of them are so-called Original Equipment Manufacturers (OEM), which means that they manufacture various kinds of machinery using components from subcontractors. Other customers include installation companies and retailers for the professional and consumer markets.

Market
OEM has 30 companies in 14 countries divided into three geographic regions. The largest region is Sweden, where OEM has a market leading position in most of its product areas. In other regions, the company's position varies from market to market. The goal is for OEM to be one of the largest players in all its chosen markets.

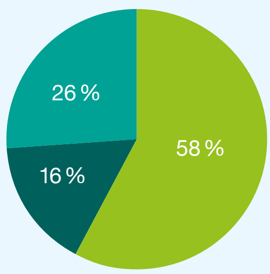
Sales



EBITA



Employees



- Sweden.
- Finland and the Baltic states.
- UK, Denmark, Norway and Central Eastern Europe.

1974
OEM Automatic AB is set up by the Franzén and Svenberg families.

1981
The first overseas subsidiary is established in Finland.

1982
Set up in Norway.

1983
Launch on the Stockholm Stock Exchange. Set up in Denmark. Sales total approximately SEK 30 million.

1986
First acquisition Industri AB Reflex.

1988
Sales exceed SEK 100 million for the first time.

1989
The first subsidiary outside Scandinavia is set up in the UK.

1991
OEM International is formed and becomes the parent company.

1993
The A. Karlson Group is acquired.

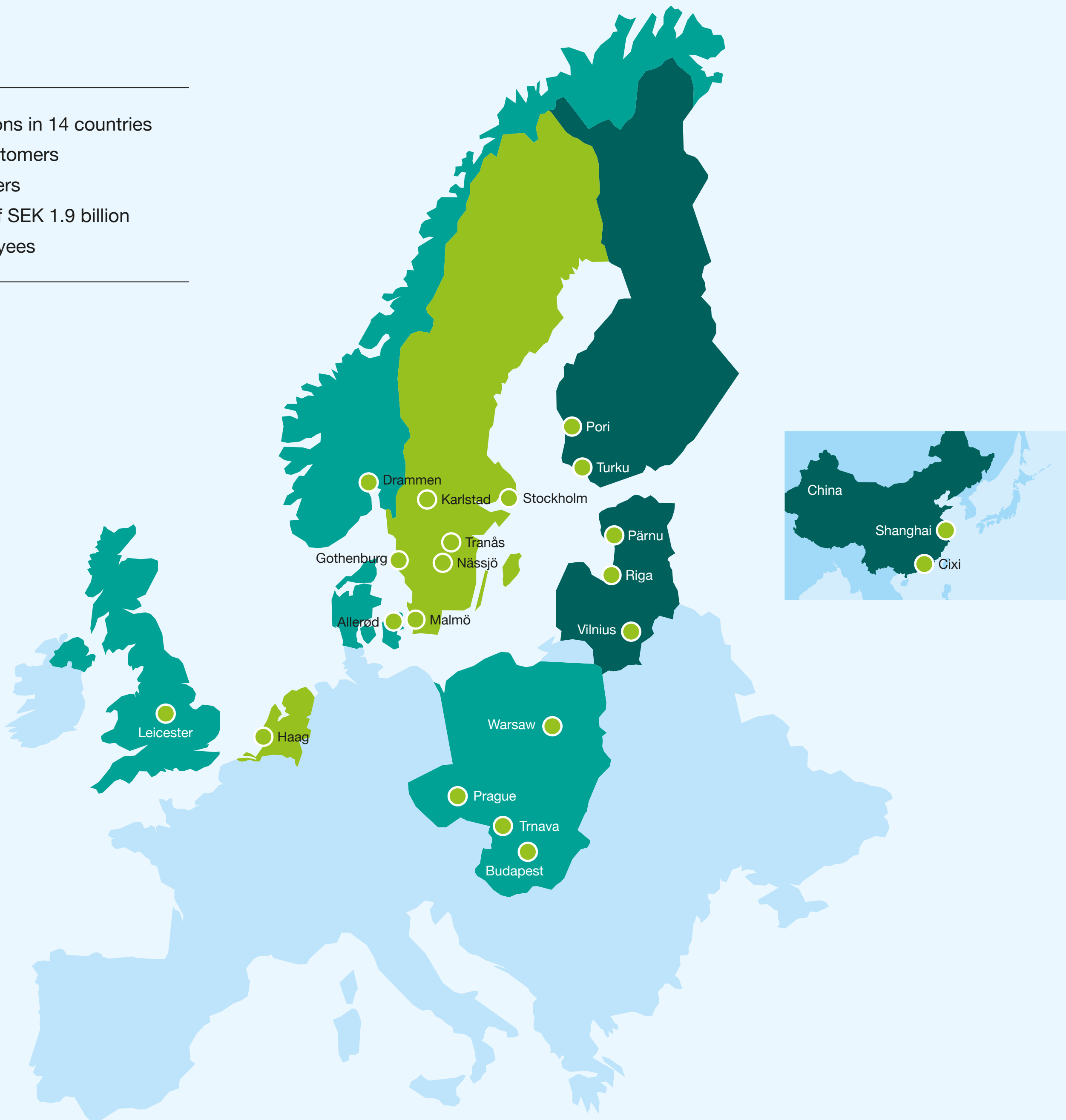
1996
Sales exceed SEK 500 million for the first time.

1997
OEM and Cyncrona merge. Acquisition of Internordic Bearings.

1998
Subsidiary set up in Poland.

1974

30 operations in 14 countries
25,000 customers
300 suppliers
Turnover of SEK 1.9 billion
650 employees



1999
Four acquisitions completed.

2000
Jörgen Zahlin is appointed as Managing Director. Acquisition of Ernström Hydraulik.

2001
Telecom crisis.

2002
Sales declined by 30 %.

2005
Acquisition of Telfa and sale of hydraulics operations.

2006
Presence established in the Czech Republic through acquisition of EIG.

2007
Acquisition of Crouzet, MPX Electra and Klitsö.

2008
Acquisition of Elektro Elco and OK Kaapelit's operations. Set up in Slovakia.

2009
Set up in China.

2010
New logistics centre in Sweden and new e-commerce platform Acquisition of All Motion and sale of Cyncrona.

2011
Acquisition of Svenska Batteripoolen, Echobeach, Scapro, Helag and Flexitron. Set up in Hungary.

2012
Acquisition of Vanlid Transmission, TemFlow Control, Akkupojat and Datasensor UK. New logistics centre in Finland.

2014
Acquisition of Nexa, Mytrade, Scanding, Kübler and agent for Conta-Clip.

2014

An excellent year for OEM

Robust organic growth

As we moved into 2014, incoming orders were slightly below sales and the market situation was somewhat uncertain, which created a sense of doubt. However, there was strong demand right from the first quarter and as the year progressed any doubts we had were blown away. We ended the year on a strong note and are delighted to say that 2014 was an excellent year for OEM in all respects.

Net sales were SEK 1,887 million, an increase of 13% over the previous year. Organic growth was 5% excluding the impact of foreign currency (4%) and acquisitions (4%).

Sales rose 11% in Sweden, which is OEM's largest region. Organic growth was 3% and our larger entities, above all, showed the strongest growth. OEM Automatic, Elektro Elco, OEM Motor and OEM Electronics all reported excellent figures. I am particularly pleased that these companies are performing well, despite varying market conditions.

Sales rose 15% in the Finland, Baltic states and China region! And although currency effects and acquisitions contributed with almost half the increase, we have 8% organic growth in a region where our largest market, Finland, has no underlying growth. A weak economy and declining exports have created a worrying situation for industries in Finland. We have every reason to be proud of our strong performance in the face of such conditions. The efforts we are making allow us to look ahead with confidence. We are also seeing growth continuing on a healthy trajectory in the Baltic states, while demand in China is dropping slightly.

Nowadays, European companies often choose Central Eastern Europe when relocating production to lower-cost countries. It is one of several reasons for the strong performance of our third region which, in addition to Central Eastern Europe countries, includes Denmark, Norway and the United Kingdom. The region reported an increase in sales of 18%, of which 9% was organic growth. The countries in Central Eastern Europe account for the largest increase, even if growth is good in our more mature markets. The region's performance has been boosted not only by the relocation of production but also by underlying growth here. It is worth noting that our rate of growth is significantly higher than the rate of market growth and we are increasing our market share, particularly in Poland and the Czech Republic.

Strong increase in profit, lower margin

Operating profit (EBITA) was SEK 196 million (174). With a 13% increase, 2014 was the most profitable year in OEM's history. At the same time, earnings are not really keeping pace with sales growth and our operating margin (EBITA) was 10.4% (10.5%). There are several reasons for this. Firstly, we have had relatively high sales growth in areas where we have a slightly lower margin. Secondly, we have made a number of acquisitions that drove sales growth. The acquired businesses have slightly lower profit rates than the companies that are already part of the Group. We also have some non-recurring items in the form of litigation charges amounting to approximately SEK 5 million which have an adverse impact on profit. During the year, we continued to invest in the future growth of our organisation, properties and IT systems. These initiatives will eventually bear fruit and allow us to achieve our long-term financial targets, including our profitability targets.

Highly-efficient business model

Our strong performance in recent years is proof that OEM has a highly-efficient business model – and 2014 was no exception. We have stable and reliable operations where we work to create value for our customers and suppliers. OEM is in a strong position, or has the potential to achieve a strong position, in the markets where we have a presence, making us an attractive partner for the suppliers we represent. The combination of an extensive product range, which we are continuously developing, and advanced product and application expertise gives us excellent opportunities to build secure, long-term relationships with our customers.

The five acquisitions made in 2014 put OEM back on track with our goal of annually acquiring businesses with combined sales of at least SEK 100 million. Acquisitions are a fundamental part of our strategy to expand our business. The acquired operations give us volume, products, a wider customer base and enhance existing skills and bring new expertise. We are, and must be, very selective when evaluating potential acquisitions. The businesses acquired in 2014 – Nexa, Mytrade, Scanding and Kübler and the agent for sales of Conta-Clip's products in Poland – all enhance OEM's operations.

In early 2015, we acquired AB Ernst Hj Rydahl Bromsbandfabrik, which has its head office in Karlstad. Rydahls is one of the leading suppliers of brake and friction components for industrial machinery, construction vehicles, trucks, buses and trailers in the Nordic region. The company generates sales of SEK 120 million and employs 45 people. The new and exciting range of products that it brings will create great opportunities for expansion.

Increased dividend proposed again

Earnings per share amounted to SEK 5.92 (5.24). It is OEM's aim to allocate a reasonable share of the profits to the shareholders based on an assessment of the Group's financial position and the resources needed for future investments and acquisitions. The Board proposes that the dividend be increased to SEK 4.25 per share (4.00), corresponding to a direct return of 3.9% based on the year-end closing price of the OEM share. OEM has raised the dividend to shareholders every year for the past five years and we regard this as a sign of strength – especially considering that we implemented a redemption of shares just last year.

Winning culture
Good years don't just happen. The success of our company is built on the daily efforts of our employees. OEM has a culture of creating value by taking a long-term approach to the details and building models for profitability and growth. I would like to thank all employees who have contributed to our performance in 2014 and I would also like to welcome the recent newcomers to our OEM family. We can look forward to many exciting years together.

Tranås, March 2015

Jörgen Zahlin
Managing Director and CEO, OEM International AB.

Vision, business concept, goals and strategies

Vision

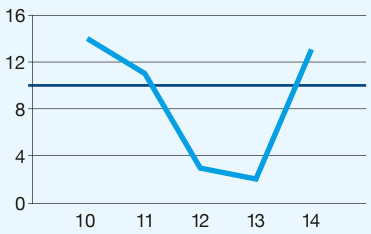
OEM shall be a leading technology trading group in industrial components and systems in selected markets in Northern, Central and Eastern Europe.

Business concept

OEM offers an extensive and detailed range of industrial components and systems from leading suppliers. A well-structured local market organisation and efficient logistics make OEM a better alternative to the suppliers' own sales organisations. OEM provides a high level of expertise and service and markets the products according to the specific conditions of each market.

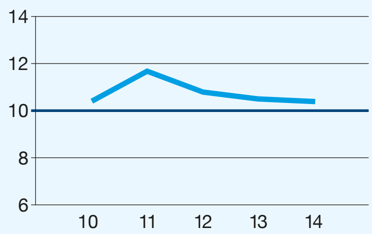
Profitable growth and strong financial position

Sales growth compared to target (%):



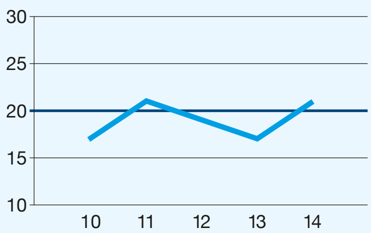
The result for 2014 was 13 % compared to the minimum target of 10 %.

EBITA margin compared to target (%):



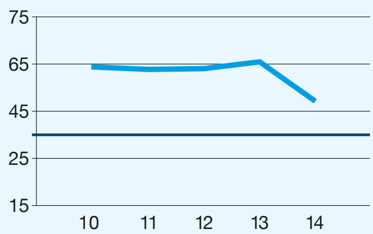
The result for 2014 was 10.4 % compared to the minimum target of 10 %.

Return on equity (%):



The result for 2014 was 21 % compared to the minimum target of 20 %.

Equity/assets ratio (%):



The result for 2014 was 49 % compared to the minimum target of 35 %.

— Goals and objectives

Goals and objectives

OEM shall sustain stable growth and have a good return on equity with minimal financial risk. In 2014, OEM's Board of Directors announced the decision to introduce new financial targets. The growth target has been changed to a more relevant target, having taken into account the underlying growth and current levels of inflation in the markets where OEM operates. The previous target of annual growth in profit has been replaced by a profitability target. The reason is that this more clearly defines the level of profitability that the company wants to achieve.

The new financial targets are:

- Minimum sales growth of 10% per annum through a business cycle.
- A minimum EBITA margin (operating margin) of 10% per annum through a business cycle.
- A minimum return on equity of 20% per annum through a business cycle.
- A minimum equity/assets ratio of 35%.

Overall business objectives

OEM will be one of the largest technology trading companies in the company's chosen geographic markets. Profitability will be on par with, or better than, that of the largest players in each market.

Sales meeting at OEM Motor
Face-to-face meetings are an integral part of OEM's marketing operations. They help to establish a deeper understanding of customers' businesses and needs.

Strategies

OEM has a history of experience as a leading technology trading Group spanning more than 40 years, giving it a solid footing on which to build growth. Growth initiatives occur primarily in areas where the company has or is able to establish a leading position. OEM has a number of strategies that form the basis of the company's value creation and enable it to achieve its objectives:

Organic growth

Organic growth takes place through increased market share and expansion of the product range. OEM's operations are expected to grow above the underlying market growth in those areas where the company is well established. In markets where OEM has yet to achieve a position among the five largest players, its ambition is to achieve considerably higher growth.

Geographic expansion

Geographic expansion will take place in markets where it is possible to become a prominent player by representing several of OEM's suppliers.

Acquisitions

Acquisitions are made of companies and product ranges that strengthen OEM's market position within current product areas in existing markets and companies that introduce a brand-new product area or a new geographic market.

Product range

OEM sells a product range consisting of industrial components and systems from leading suppliers. The range of products grows through partnerships with existing and new suppliers. Each product area is tailored to the local markets. OEM's key strategy is to develop its product range and each local marketing organisation is tasked with finding new products that will further enhance the competitive edge of the portfolio.

Marketing activities

The company mainly uses personal selling to reach prospects and new customers. Personal meetings are crucial to understanding customer applications and needs, and a practical way for OEM to offer its unique expertise.

Personal selling is supported by web-based and printed marketing communication materials.

Logistics

OEM develops logistics solutions to create excellent customer service and quality and a high level of cost-efficiency. The Group has 14 logistics units. Each unit adapts its range to current operations and to opportunities for coordinating stockholdings with other warehouses. Components are customised and assembled to specific requirements in OEM's processing facilities which are located adjacent to its logistics units.

Employees and management

Employees shall be given opportunities to develop within the company, taking account of business goals and strategies as well as the employees' ambitions. Recruitment and employee strategies will lead to a significant number of leadership positions being filled internally.

Strategic acquisitions create growth

Business combinations are central to OEM's strategy for building and developing its operations. Acquired businesses add volume, products, a wider customer base and enhance existing skills and bring new expertise to the Group. Acquisitions are thus central to OEM's strategy for creating growth and broadening its range.

Acquisition strategy

OEM's strategy is based on acquisitions in the areas where the company holds a strong position. Acquisitions can be divided into three categories:

- Acquisitions that give access to products that strengthen OEM's portfolio of offerings in a market where the company already has a foothold.
- Acquisitions that give access to a completely new product area in one of OEM's existing geographic markets.
- Acquisitions that give access to a new geographic market for one of OEM's existing product areas.

OEM makes acquisitions either by purchasing an entire company or by purchasing a company's assets. Based on its philosophy to be an active and long-term owner, OEM creates a development plan for each business it acquires. This may mean that the business continues to operate as a separate company or is integrated into one of the existing operations.

OEM's potential acquisitions are primarily small trading companies that offer components and systems that are leaders in their niche and thus have established supplier and customer bases. All of OEM's operations shall constantly assess potential acquisitions and the Group has a policy that, each year, it shall acquire sufficient businesses to secure an aggregate turnover of at least SEK 100 million from these acquisitions.

In 2014, OEM completed five acquisitions:

Nexa Trading AB

Nexa markets products, primarily in the Nordic countries, for wireless control of lighting and other devices, and household safety products. Its head office is located in Gothenburg. This acquisition was made to enable OEM to enter two new market segments. Wireless control systems are relevant to OEM's position in lighting in many ways, while safety products are a new field. Nexa reported sales of over SEK 52 million in 2013 and has both a strong product portfolio and a well-established brand.

Mytrade Oy (asset acquisition)

Mytrade Oy's core business is the marketing of camera and screen systems from Orlaco. It generates annual sales of € 1 million and its head office is located in Espoo. This acquisition was made to start up a new product area in Finland under the name of Image Analysis & Machine Vision. OEM has had a similar product area in Sweden for some time now and it is expected that this acquisition will provide a solid platform on which to continue to build a base of operations to serve the Finnish market.

Acquisition of agent

OEM has acquired the agent for sales of Conta-Clip's products in Poland, from ASE sp.z o.o. Conta-Clip is a German producer of electrical components. This acquisition was made to strengthen its position in the area of terminals and other devices that are mounted on DIN rails inside electric panel boards in Poland. The takeover of customers from ASE sp.z o.o. will also expand the customer base for the current range. The acquisition contributes annual sales of SEK 5 million and is the first acquisition to be made in Poland, one of the markets in which OEM is experiencing greatest growth.

Scanding A/S

Scanding markets flow components primarily for the processing industry in Denmark. Its head office is located in Grenå. The acquisition was made to add a highly-competitive and complementary range of process valve equipment to the existing product portfolio. Scanding reported sales of DKK 25 million in 2013.

Kübler Svenska AB

Kübler markets components for the control of fluid levels or flows in machinery and processes. The company's head office is located in Stockholm. The acquisition was made to complement OEM's expertise and products in the area of pressure and flow components. Kübler reported sales of SEK 13 million in 2013.

Acquisitions after year-end

The company AB Ernst Hj Rydahl Bromsbandfabrik in Karlstad was acquired at the beginning of this year. Rydahls is one of the leading suppliers of brake and friction components for industrial machinery, construction vehicles, trucks, buses and trailers in the Nordic region. The company reported sales of SEK 120 million in 2014 and brings a new market segment to the Group.

Nexa develops and markets products for wireless control of lighting and other devices, and safety and security products such as fire protection equipment.

OEM has completed 23 acquisitions in the past ten years (2005–2014)

2014	**Kübler Svenska AB**	Sweden	2011	**Svenska Helag AB**	Sweden
2014	**Scanding A/S**	Denmark	2011	**Echobeach Ltd**	United Kingdom
2014	**ASE/Conta-Clip**	Poland	2010	**All Motion Technology AB**	Sweden
2014	**Mytrade Oy**	Finland	2009	**Lasa Maskin AS**	Norway
2014	**Nexa Trading AB**	Sweden	2008	**Elektro Elco AB**	Sweden
2012	**Datasensor UK Ltd**	United Kingdom	2008	**OK Kaapelit Oy**	Finland
2012	**TemFlow Control AB**	Sweden	2007	**Klitsø Processtechnic A/S**	Denmark
2012	**Vanlid Transmission AB**	Sweden	2007	**MPX Elektra ApS**	Denmark
2012	**Akkupojat Oy**	Finland	2007	**Crouzet AB**	Sweden
2011	**Flexitron AB**	Sweden	2006	**EIG spol s r.o.**	Czech Republic
2011	**Svenska Batteripoolen AB**	Sweden	2005	**Telfa AB**	Sweden
2011	**Scapro AB**	Sweden			

Expertise and product range create value

OEM's very existence is based on the combination of excellent knowledge of the manufacturers' products and an understanding of the customers' needs. As a technology trading group, OEM creates value by offering its customers technical expertise and an extensive range of industrial components and systems.

Strong sales organisations
OEM helps its manufacturers to market and sell their products in selected markets. Strong sales organisations are able to target customers whom the manufacturers themselves would have difficulty reaching. The sales process is mainly based on personal selling and each company in the OEM Group has quantified targets for activity levels and results in the sales process. These targets are followed up in a structured manner. E-commerce accounts for a small percentage of sales. On-going development of product catalogues, both on-line and printed, ensure a long-term, stable market position.

Extended arm of the manufacturer
Loyalty and a long-term approach are essential in the relationships between OEM and the manufacturers. This involves a mutual understanding not to market competing products. OEM aims to always be the best sales channel and the goal is to make each manufacturer a leader in its particular product segment. OEM takes complete responsibility for the customer and serves as the extended arm of the manufacturer in each market. The product range development process is conducted in close collaboration with the manufacturers' product development departments according to the specific conditions of each market.

Experience and technical expertise
Customers come to OEM for quality products, help with development projects and to benefit from a more streamlined purchasing process. It is becoming more common for customers to choose OEM as a strategic supplier of components, enabling an increasingly larger amount of their purchases to be coordinated. OEM has strong, long-term relationships with many of its 25,000 customers. OEM's sales personnel and product specialists give customers access to the experience and technical expertise that can help them with their development and choice of components. A large amount of the products are also bespoke for each customer. The goal is to sharpen the customers' competitive edge by improving their products.

Efficient logistics
Efficient flows of goods are essential for a technology trading Group like OEM. With more than 30,000 products from 300 suppliers and more than 25,000 customers, OEM has a complex logistics chain. Keywords in the logistics process are cost-efficiency, quality and a high level of service – in an area where it is becoming increasingly important to adapt to individual customer requirements and needs.

OEM offers an extensive range of components and systems and efficient logistics flows. OEM's processing services are an important part of its offering.

OEM's business model

Our business model is based on being a link between manufacturers and customers with the intent of creating value.

Manufacturers ◆ OEM ◆ Customers

What this means for our manufacturers:

- Assistance with marketing in local markets.
- Can have their products marketed with complementary products.
- Reach markets and customers that are difficult to reach when acting alone.
- Help with product customisation.
- Logistics solutions that meet customer demands.
- Feedback for their own product development.

What this means for our customers:

- Access to components from more than 300 manufacturers.
- In-depth component knowledge.
- End-to-end solutions with complementary components.
- Possibility to reduce the number of manufacturers.
- Deliveries to the right place at the right time.
- Assurance of high product quality.

The development of our business operations is based on

Four central processes

Product range development.
OEM offers a unique and extensive range of products from leading manufacturers.

Logistics.
OEM has an efficient logistics process with high service standards.

Market communication.
OEM creates modern marketing communication that supports its sales.

Sales process.
OEM runs an efficient sales process based on personal selling and extensive product knowledge.

An extensive range of high-quality products

OEM offers a comprehensive range of products from suppliers who are among the leading players in their respective niches. OEM's offering comprises standard components and systems and bespoke solutions, developed in collaboration between the customer, OEM and the supplier.

In depth expertise
A key feature of OEM's offering is its extensive knowledge and experience of the products that it markets and how they can be used in the customers' applications. This ensures that customers are given the best possible support when choosing products.

Strong supplier relationships
The suppliers are mainly based in Europe, the United States and Asia. OEM works closely with its suppliers to establish strong, lasting relationships, which are characterised by loyalty. This means that OEM does not normally market competing products from different suppliers, and that the company is the sole representative of the suppliers' brands in their markets.

Different product areas
OEM's offering is grouped into six product categories. Each market then adapts the offering to local demand and according to which suppliers are available for collaboration in that particular market.

Product areas → / Markets ↓	Electrical components	Flow technology	Motors and transmissions	Appliance components	Installation components	Ball bearings and seals
Sweden	—	—	—	—	—	—
Finland	—	—	—	—	—	—
Baltic states	—	—		—		
China	—	—		—		
Norway	—	—	—		—	
Denmark	—	—	—	—		
United Kingdom	—	—	—			
Poland	—	—	—	—		
Czech Republic	—	—	—	—		
Slovakia	—	—	—			
Hungary	—	—				

Electrical components

Examples of products: Sensors, safety products, mechanical products, machine cables, batteries and cameras/optical devices.

Areas of application: A large amount of the products target original equipment manufacturers for use in the machinery that they produce, such as trucks and construction equipment. Some of the products are also used for installation of control cabinets, for example.

Examples of customers: BT/Toyota, Atlas Copco and Sandvik.

Flow technology

Examples of products: Valves, hoses, sensors and pumps.

Areas of application: The products primarily target original equipment manufacturers for use in the machinery that they produce. They cover a wide range of applications, from heat pumps to medical equipment.

Examples of customers: Bosch Thermoteknik, Volvo and Getinge.

Motors and transmissions

Examples of products: Drive electronics, motors, gears, belt transmissions and linear devices.

Areas of application: The products target original equipment manufacturers for use in the machinery and devices that they produce and are used for food industry equipment, medical equipment, etc.

Examples of customers: Tetra Pak, Getinge and GE Health Care.

Appliance components

Examples of products: Displays, keyboards and LED lighting

Areas of application: The products target original equipment manufacturers, high-volume manufacturers and contract manufacturers for use in the electronic equipment and devices that they produce. The products are used in devices in a variety of areas, from conference phones to medical analysis instruments.

Examples of customers: Husqvarna, Partnertech and Amica.

Installation components

Examples of products: Lighting and products for wireless control in the home.

Areas of application: Indoor and outdoor lighting for the home with LED technology. Wireless control of lights, sunshades and doors in the home.

Examples of customers: Electrical wholesalers who serve professional installation companies, for example, Elektroskandia and Ahlsell. Building and DIY stores such as Bauhaus and Clas Ohlson.

Ball bearings and seals

Examples of products: Ball, rolling, joint and sliding bearings, seals and lock components.

Areas of application: The products target original equipment manufacturers for use in the machinery that they produce, such as park and garden machinery, domestic appliances and materials handling machinery. The products are also used by the automotive industry.

Examples of customers: Kongsberg, Husqvarna and BT Products.

Strong growth in a mature market

Sweden is OEM's domestic and also its largest market. Its operations here are conducted in thirteen companies: OEM Automatic, OEM Motor, OEM Electronics, Internordic Bearings, Telfa, Elektro Elco, Nexa Trading, Svenska Batteripoolen, Flexitron, Svenska Helag, Vanlid Transmission, Kübler Svenska and Agolux. OEM has offices in nine different locations across Sweden.

Share of Group sales:

63%

Operating profit
EBITA (SEK MILLION):

155

Number of employees:

372

Offering

OEM's entire range of industrial components and systems for a wide variety of applications is available to the Swedish market. An extensive offering in combination with product and application expertise makes OEM unique and means that customers can turn to one supplier for most of the components they purchase. The product offering in Sweden also includes installation components, such as LED lighting and wireless control products for the home. OEM's product portfolio in Sweden contains over 30,000 items.

Market

In Sweden, most of OEM's operations target industrial manufacturers and appliance manufacturers in a broad sense. The Swedish industrial market is well-developed and mature and has limited underlying market growth. OEM's product range development and sales processes are key to increasing market share and creating organic growth.

There has been an ongoing relocation of production processes from Sweden over the past ten to fifteen years. Many initially moved to China but the trend in recent years has been to relocate production to countries closer to home, such as Poland or the Baltic countries. OEM does its best to follow customers when they move their production, for example, through its operations in China, Poland and the Baltic states.

Operations in the product area of Installation Components primarily target the household lighting market. This market has seen good growth over the past five years and OEM estimates that market growth in 2014 was about 5%.

OEM serves a broad customer base in Sweden. Its customers are mainly machinery and appliance manufacturers in a wide range of industries such as forestry, automotive, telecom and medical technology, to name a few. OEM serves wholesalers, such as Ahlsell and Elektroskandia, too. This is an important channel for OEM's offering in the Installation Components product area and it brings other portfolio products to smaller customers. The wide spread of customers is a strength for OEM and lessens its exposure to recessions in specific sectors.

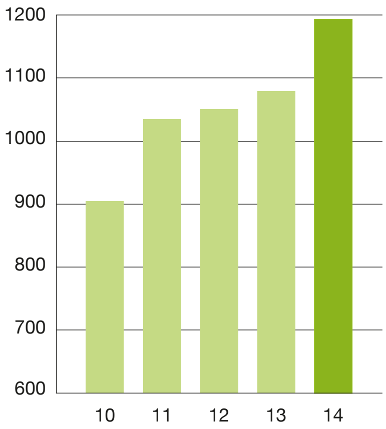
With more than 40 years of experience and over 20,000 customers, OEM holds a strong market position in Sweden in most product areas.

Performance in 2014

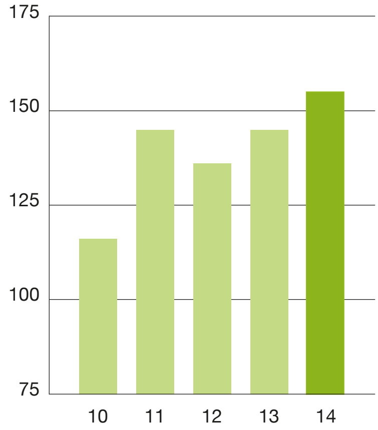
OEM performed strongly in 2014 in the Sweden region. Overall, sales rose 11%. Acquisitions during the year accounted for out 5 percentage points of this and effects of currency movements for 3 percentage points. EBITA rose 7% and the EBITA margin was 13%.

The figures for 2014 are largely attributable to the consistently strong performance of all of the major companies in Sweden. OEM Automatic, OEM Electronics and Elektro Elco show good organic

Sales (SEK MILLION)**:**



Operating profit (EBITA, SEK MILLION)**:**



Sales are conducted under the names of OEM Automatic, OEM Motor, OEM Electronics, Internordic Bearings, Telfa, Elektro Elco, Nexa Trading, Svenska Batteripoolen, Flexitron, Svenska Helag, Vanlid Transmission, Kübler Svenska and Agolux.

Product areas →		**Electrical components**	**Flow technology**	**Motors and transmissions**	**Appliance components**	**Installation components**	**Ball bearings and seals**
Market →	Sweden	■	■	■	■	■	■

Examples of customers: Tetra Pak, BT/Toyota, Rexel, Elektroskandia, ABB

Examples of competitors: Addtech, Indutrade, Lagercrantz, B&B Tools

growth and are increasing their market share. This is coupled with continued strong profitability in the companies.

Nexa Trading, which was acquired in 2014, is also showing strong growth and sales were up 11% during the year.

Events

Nexa Trading AB was acquired at the beginning of 2014. This acquisition gave OEM access to a strong product range and an established brand for wireless control of lighting, etc. in the home.

OEM completed another acquisition in Sweden in 2014. The purchase of Kübler Svenska AB gave OEM access to a new product range that enhances the company's portfolio of pressure and flow components. Its operations will be integrated into OEM Automatic in 2015.

There was considerable focus in 2014 on improving and developing the operations of many of the companies in the region. OEM Automatic has been successful in developing its range and has also strengthened its sales process, which has increased both customer visits and new business. OEM Electronics has focused on continued consolidation and development of its operations after the product areas were transferred between OEM Electronics, Swedish Helag and Flexitron. This allows the company to enjoy the efficiency gains generated by the restructuring programme. Work is under way to strengthen the organisation and routines in recently acquired Nexa Trading to position the business for future growth.

Elektro Elco currently holds a leading position in the household LED lighting market through its Hide-a-lite brand. It continued to develop its range throughout the year in order to reach new application areas, for example, public settings.

New market share and healthy margins

Within the region, OEM has operations in Finland, Estonia, Latvia, Lithuania and China. Most of the customers are in the Finnish market. The aim of a presence in the Baltic states and China is primarily to ensure that relationships continue with customers that choose to outsource their production to these countries.

Share of Group sales:

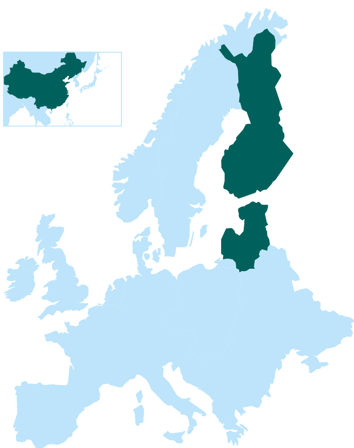
15 %

Operating profit
EBITA (SEK MILLION):

20

Number of employees:

101



Offering

In Finland, OEM offers an extensive range covering all of the product areas. Operations are conducted under the company names of OEM Automatic, OEM Electronics, Akkupojat and the brand name Hide-a-lite. A more concentrated range is available in the Baltic states and China in the areas of Electrical components, Flow technology and Appliance components for each local market.

Market

Finland has been showing negative growth for a couple of years and its industry has been affected by a slight European decline. Developments in Russia are also a contributing factor since the country is a major export market for Finnish companies. Several of OEM's business areas are continuing to develop positively, despite the lack of underlying growth. This is due to the company's focused effort to develop its range and introduce new products.

OEM has a strong position in the Finnish market. The majority of its customers operate in the manufacturing industry across many different sectors. These include manufacturers of machinery for forestry, mining, elevators, etc. as well as contract manufacturers and wholesale companies. The Installation Components product area also includes trade customers, professional building stores and diy stores.

Operations in the Baltic states continue to show good growth, partly because many companies, particularly Sweden and Finland, are relocating their production to the Baltic countries.

Developments in the Chinese market have marginal impact on OEM. This is because OEM's presence in this market is mainly due to it following customers who have moved their production to China for cost-saving reasons.

Developments in 2014

OEM performed strongly in the region despite weak market growth. Overall, sales rose 15 %. Movements in exchange rates had a beneficial effect of 5 percentage points on sales, and acquired growth accounted for 2 percentage points, resulting in 8 % organic growth.

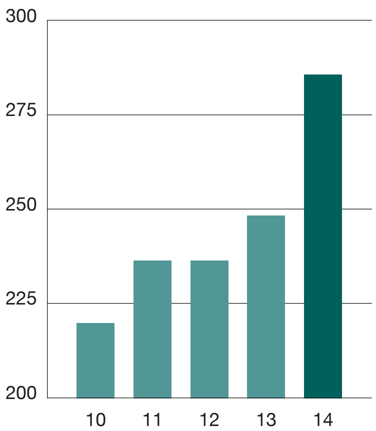
Growth was almost exclusively attributable to the operations in Finland, which meant that OEM increased its market share in a weak market. The situation in other markets remained more or less the same. The Cables, Connectors and Batteries product area showed the strongest growth.

EBITA rose 11 % and the EBITA margin was 7 %.

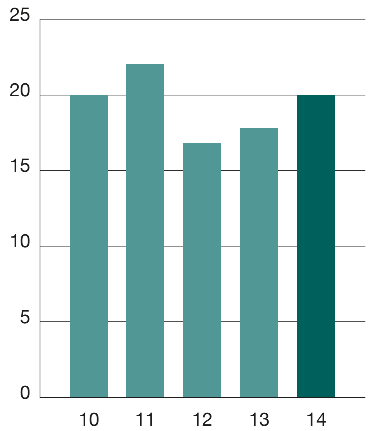
Events

The majority of the operations of the Finnish company Mytrade Oy was acquired in the first quarter of 2014. On the acquisition date, Mytrade was generating annual sales of approximately

Sales (SEK MILLION):



Operating profit (EBITA, SEK MILLION):



Sales are conducted under the names of OEM Automatic, OEM Electronics, Hide-a-lite and Akkupojat.

Product areas → / Markets ↓	Electrical components	Flow technology	Motors and transmissions	Appliance components	Installation components	Ball bearings and seals
Finland	▬	▬	▬	▬	▬	▬
Baltic states	▬	▬		▬		
China	▬	▬		▬		

Examples of customers: Tamperen keskustekniikka, Sandvik Mining, Rexel, Bronto Skylift

Examples of competitors: SKS Group, Addtech, Indutrade, Wexon

SEK 9 million and marketing camera and screen systems for vehicle applications. The acquisition also marked the start of a new product area for OEM in Finland under the name of Image Analysis & Machine Vision, an area which has seen good growth during the year.

OEM has established another local store in Helsinki and has thus expanded its distribution in the Batteries business area. During the year, OEM also consolidated its relationships with lighting product retailers and made several investments in new product offerings.

Robust growth and expansion

Within the region, OEM has operations in Norway, Denmark, the UK, Poland, the Czech Republic, Slovakia and Hungary. In terms of sales, the three largest individual markets are Denmark, the UK and Poland. The operations are conducted under the name of OEM Automatic in all markets except for Denmark where the operations are conducted under the names of OEM Automatic Klitsø and Scanding. OEM Electronics is established in Poland too and Hide-a-lite lighting is also sold in Norway.

Share of Group sales:

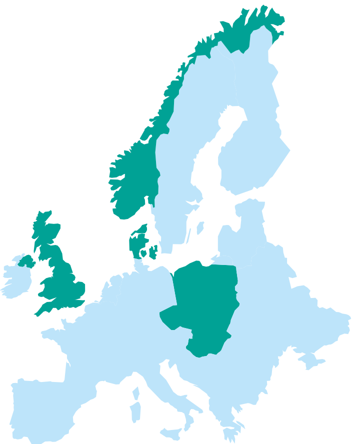
22%

Operating profit
EBITA (SEK MILLION):

32

Number of employees:

163



Offering

OEM's offering in the region differs slightly from country to country. The composition of the range takes the specific requirements and conditions of each market into account. OEM offers an extensive range within the Electrical components and Flow technology products areas in most markets. It also offers Motors and transmissions and Appliance components in some of the markets. Although the range is initially less extensive in smaller markets, such as Slovakia and Hungary, it is gradually growing as operations expand.

Market

The markets that OEM encounters in the region that comprises the rest of the Nordic countries, the UK and Central Eastern Europe can be divided into two distinct groups – mature and emerging markets.

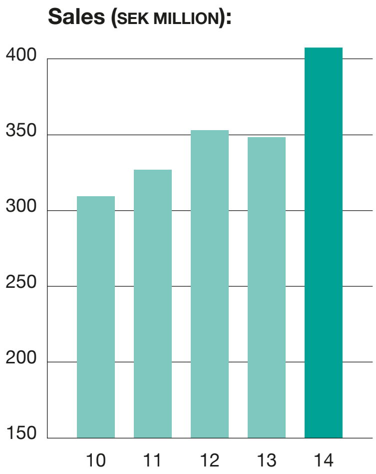
Denmark, Norway and the UK all have well-developed, mature industrial markets with limited underlying market growth. In these markets, OEM's product range development and sales processes are key to increasing market share and creating organic growth.

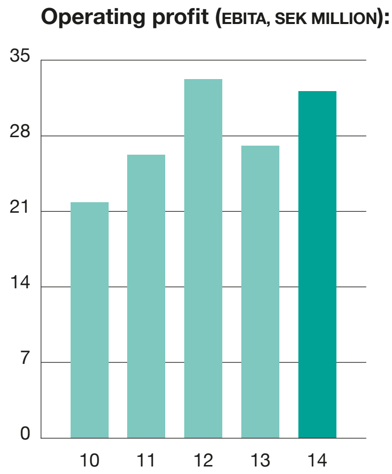
However, there are differences between the markets depending on which industries are strongest in each of the countries. Customers in Norway are mainly manufacturers linked to offshore operations, while customers in Denmark are, to a greater extent, manufacturers linked to the food and pharmaceutical industries. Customers in the UK represent a broad array of manufacturing industries, from small to multinational companies. Local distributors supplying small local industries with components are also one of the key customer groups in the UK.

The markets in Central Eastern Europe, particularly Poland and the Czech Republic, are characterised by strong underlying growth in the industry. This is created by infrastructure investments that are being carried out in these countries and by production activities that are being relocating here from other countries in Europe. It is important for OEM to maintain a clear sales focus and initiatives in order to take advantage of the opportunities afforded by the market. Allied to this is a commitment to enhance the range and thereby expand the market base.

Customers in Central Eastern Europe operate in the manufacturing industry in a wide array of sectors. Investment in factories and equipment for the mining of iron ore makes manufacturers linked to this industry another key customer group in Poland.

OEM has a strong position as a supplier of components in selected product areas to the manufacturing industries of Denmark, Norway, the UK, Poland and the Czech Republic. The operations in Slovakia and Hungary were established relatively





Sales are conducted under the names of OEM Automatic Klitsø and Scanding in Denmark, OEM Automatic and OEM Electronics in Poland and OEM Automatic in other countries. Hide-a-lite's range of products is marketed in Norway.

Markets ↓ / Product areas →	Electrical components	Flow technology	Motors and transmissions	Appliance components	Installation components	Ball bearings and seals
Norway	■	■	■		■	
Denmark	■	■	■	■		
United Kingdom	■	■	■			
Poland	■	■	■	■		
Czech Republic	■	■	■	■		
Slovakia	■	■	■			
Hungary	■	■				

Examples of customers: RS Components, Skoda, Domino, Sporveien Oslo

Examples of competitors: IMO, Dacpol, MRC Hypteck, Omron

recently and OEM's market position is developing at the same rate as the growth of the operations in these countries.

Performance in 2014

OEM performed strongly in the region as a whole in terms of both sales and earnings. Sales growth was 18%. Acquisitions during the year accounted for 4 percentage points of this and effects of currency movements for 5 percentage points. EBITA rose 19% and the EBITA margin was 8%.

Sales growth differs from market to market. Poland's performance was particularly strong during the year. The 25% increase in sales is attributable to continued high levels of investment by existing customers and an influx of new projects. Sales in the Czech Republic increased by 18%, in Denmark by 4% excluding the acquisition of Scanding A/S, in the UK by 3% and in Norway by 2%. OEM's youngest markets in the Slovakia and Hungary region also show double-figure growth, albeit from low levels.

Events

OEM acquired the Danish company Scanding A/S in 2014. This acquisition gave OEM access to a highly competitive product range that enhanced the company's portfolio in Denmark. OEM's sales in 2014 increased by about SEK 10 million as a result of this acquisition.

During the year, OEM also acquired the Polish agent for the electrical components of the German company Conta-Clip. This acquisition expands OEM's product portfolio and customer base.

OEM is aiming to further expand the company's markets in Central Eastern Europe. In the Czech Republic, the company has moved into a new building with greater storage capacity to meet expanding business needs. OEM is also continuing to invest in the expansion of its workforce in Central Eastern Europe to enable it to take advantage of the growth opportunities afforded by these markets.

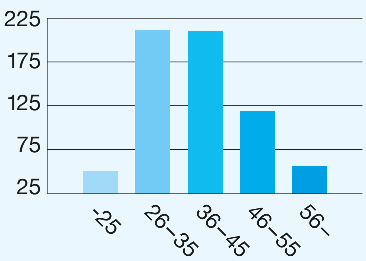
The employees create a long-term competitive edge for the Group

OEM's goal is to attract and retain skilled employees and offer them a positive and profession environment in which they can grow and develop.

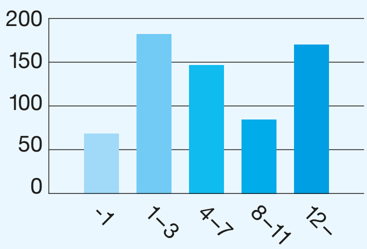
OEM Automatics' office in Warsaw is the base for the operations in Poland.

Our employees

By age group
(NO./AGE):



Length of employment
(NO./YEAR):



	2014	2013
Average no. of employees	654	631
Employees at year-end	659	643
No. of women (%)	20	21
Sick leave person/year (DAYS)	5	6
Training costs/ employee (SEK 000)	3	4
Fitness costs/employee (SEK 000)	1	1

Lighting products from Hide-a-lite are stored in Swedish Bankeryd.

A high level of expertise and a strong sales focus create competitive advantage
The combination of top technical expertise and a strong sales focus in the organisation gives OEM a unique competitive edge. Thanks to its knowledgeable and professional employees, OEM has achieved a position as one of Europe's leading technical trading companies. The company's product specialists and sales staff are key people in relationships with manufacturers and customers. Their knowledge and commitment build lasting and trusting relationships and turn OEM's business model into reality.

Watchwords
OEM's values are expressed by the watchwords; positive attitude, commitment, modesty, tenacity and openness. OEM has cultivated a corporate culture that is underpinned by a long-term, coherent vision and has created an organisation that puts performance and well-being at its core.

Attractive employer that encourages employee development
OEM's long-term competitiveness is largely based on being an attractive employer for current and future employees. One of its most important activities in this area is continuous employee development through various means, such as personal development plans for each and every employee. Business objectives are combined with individual goals to create plans that facilitate the ongoing development of the skills of all employees. The contents of the personal development plans are discussed at annual performance appraisals. Completed activities are evaluated and plans for the coming year are established. OEM is a learning organisation and employees do courses in sales, technology, IT and other areas throughout their careers.

A selling organisation
OEM is a successful company today thanks to its sustained focus on developing its sales force. Our sales professionals possess a high level of product expertise and a strong sense of business responsibility and work alongside our customers, identifying applications and suggesting products that will enhance the customers' competitive edge. A new salesperson joins a training programme which runs over several years. It consists of internal and external courses aimed at promoting personal development and creating an efficient sales methodology. A solid background in sales also opens doors to other positions at OEM, such as sales manager or business area manager.

Excellent career prospects
OEM encourages its employees to develop and progress. Everyone is given opportunities to shape their own careers by being interested, creative and goal-oriented. Most leaders are recruited internally and a great amount of energy and effort is channelled into identifying and developing individuals with leadership qualities who can become future leaders, both locally and centrally. Experience of sales work or work within the product organisation is highly valued in the employee's career progression and the company encourages employees to move to positions in different parts of the company and different countries too. OEM invests in management development programmes for present managers and the next generation of leaders to enhance the leadership culture and introduce new knowledge. OEM's leadership culture is based on strong teams and specific targets. Each manager builds his or her team and sets clear individual goals for his or her colleagues.

Recruiting for growth
OEM regularly recruits employees to ensure growth opportunities in all markets. In 2014, the headcount increased from 643 employees to 659. This is due to new employees joining existing operations and staff taken over through acquisitions. The main expansion in the organisation has been in sales and marketing resources.

Young talent
OEM regularly enhances its organisation with young talented people. OEM has a centrally co-ordinated trainee programme which allows newly-graduated employees with degrees in engineering or economics and potential to assume leadership responsibilities. OEM also locally recruits young people who are interested in technology and sales to meet the needs of its sales and marketing organisations. Thanks to well-designed induction programmes and personal development plans, new employees quickly learn their duties and are assigned progressively more responsible work. OEM works collaboratively with several educational institutions with the aim of attracting future personnel, by offering internship opportunities and guidance in thesis research projects.

Equal opportunities stimulate growth
The principles of equality and equal opportunities are intrinsic to the way OEM conducts its business. Everyone shall have equal opportunities based on qualifications for the job, without regard to religion, ethnicity, nationality, gender, age, disability or sexual orientation. As part of OEM's CSR efforts, several of the Group's companies have conducted in-depth activities in this area, such as the training of employees and development of policy documents. OEM's sector is traditionally male-dominated, but the company strives to improve equality in the organisation by seeking to employ more women to male-dominated positions.

Health and well-being
The well-being of its employees has always been a core priority throughout the forty years that OEM has been in business. Well-being and health are essential for being able to perform well and develop on a personal and professional level. OEM invests considerable time and resources into creating workplaces that are safe, healthy and attractive and the company encourages a healthy lifestyle by providing support for physical exercise and preventive health care. Activities designed to create good cohesion and improve group dynamics are often conducted in conjunction with conferences or workplace meetings.

Constant priority to the development process

The OEM Group has a leading position in the European industrial components market. Important competitive strengths include ongoing quality improvements along the entire supply chain and a commitment to the environment.

OEM invests considerable time and resources into creating workplaces that are safe and healthy.

Improved practices in the area of CSR

In 2013, management decided to establish a Group-wide Code of Conduct for all of the companies. The aim was to create a standard platform across the organisation for CSR-related activities and to continue to develop OEM's accountability in matters relating to the environment, ethics and society. This clear accountability gives OEM a sharper competitive edge and enhances its position as an attractive employer. Moreover, the company is inspiring a healthy business culture.

Code Of Conduct

The Code of Conduct that was established in 2013 is largely based on the ten principles set forth in the United Nation's Global Compact. The Code addresses the areas of human rights, labour, the environment and anti-corruption. These areas encompass all essential components of the responsibility that it feels natural to take for all of the Group's companies.

Ten key principles of the Code of Conduct:

- *Human rights.* OEM supports and respects the protection of internationally proclaimed human rights and is never complicit in human right abuses.
- *Anti-corruption.* OEM represents honesty, integrity and accountability. This means it has a zero tolerance approach to all forms of corruption, including extortion and bribery.
- *Environmental responsibility.* Innovative measures that reduce the impact on the environment are encouraged and OEM undertakes active initiatives to promote greater environmental responsibility.
- *Freedom of association.* In accordance with local law, all employees have the right to form or take part in union activities. OEM respects the right to collective bargaining relating to terms and conditions of employment.
- *Forced labour.* Any use of forced or compulsory labour is prohibited and employees have the right to terminate their employment in accordance with local legislation or employment contract.
- *Child labour.* OEM has a zero-tolerance policy towards any type of child labour. No one under the age of 15 shall be employed and no one under the age of 18 shall be employed to carry out particularly demanding work.
- *Discrimination.* Diversity among OEM's employees is encouraged and no one shall be discriminated against because of their ethnicity, skin colour, gender, sexual orientation, national origin, family status,

The focus of OEM's environmental work is to reduce the impact of transport, travel, the use of packaging materials and local heating. Its state-of-the-art office premises in Tranås are heated using efficient geothermal heat pumps.

About CSR

CSR stands for Corporate Social Responsibility. CSR encompasses the activities a company performs to take responsibility for its environmental impact, work environment and corporate culture. Companies often regulate such efforts by creating a code of conduct. This is the company's own collection of guidelines for its CSR activities.

religion, political opinion, race, ethnicity, social background, social status, age, union affiliation or disability. Physical and psychological harassment are strictly prohibited.

• *Preventive measures*. Sustainability is a key priority at OEM. The company takes a preventive approach to environmental protection, which means that OEM gives priority to environmentally-friendly solutions and avoids environmentally harmful substances as far as possible.

• *Consumer rights*. OEM always acts in accordance with good business practice. The company also ensures that goods and services meet legal requirements.

• *Competition*. OEM complies with local laws and regulations and does not participate in anti-competitive practices.

CSR-related activities

The Code of Conduct was presented to all subsidiary company Boards in early 2014. In conjunction with this, all companies identified at least three activities based on the Code of Conduct, in order to initiate concrete activities that could easily be followed up by the Boards and management teams. All in all, about 70 CSR-related activities were carried out in the Group's companies. They were conducted in different areas and many of them involved the establishment of policies or employee training. This work will proceed in a similar way in 2015, with an emphasis on specific activities that can be followed up in all of the Group's companies.

Environmental responsibility

The Code encourages actions and initiatives that lead to greater environmental responsibility and preventative measures in order to give priority to environmentally-friendly business practices and solutions. The business activities that have the greatest environmental impact include transport, travel, use of packaging and heating of premises. OEM has always strived to find the best environmental solutions and support development initiatives in these areas. Improvements relating to indoor heating, energy consumption, business trips and other areas were carried out in 2014.

Another key aspect of environmental responsibility is to offer customers high-quality, climate-friendly components. OEM's high level of product expertise enables it to help customers make environmentally-sound choices.

Quality processes that enhance the competitive edge

OEM's companies have long been working in a systematic manner to ensure the continuous improvement of quality and efficiency. The Group's logistics centre in Tranås has developed its own activity management system, called "OQD" – OEM Quality Development. The quality management system is based on Toyota's principles and includes close monitoring of non-conformances, visualisation of results compared to objectives and improvement initiatives from employees. This quality management system has attracted considerable attention from many quarters and is considered to be one of the leading systems in the industry. OQD is used to varying extents in other logistics operations in the Group, especially in Finland.

ISO accredited companies

In Sweden, OEM Automatic AB, OEM Electronics AB, Internordic Bearings AB, Telfa AB, Svenska Helag AB, Flexitron AB, Agolux AB and OEM Motor AB have been awarded ISO 14001 environmental management system certification and ISO 9001 quality management system certification. OEM Automatic in Poland and Vanlid Transmission AB has been awarded ISO 9001 quality management system certification.

Financial Statement

Other information

Five-year Group summary

(SEK million)

FROM THE STATEMENT OF INCOME	2014	2013	2012	2011	2010
Sweden	1,189.5	1,070.7	1,040.8	1,028.5	898.3
Overseas	698.0	597.7	590.6	561.1	532.1
Net sales	**1,887.5**	**1,668.4**	**1,631.4**	**1,589.6**	**1,430.4**
Operating income before depreciation, amortisation and impairment	221.7	197.9	195.5	202.2	165.9
Depreciation, amortisation and impairment	-43.2	-39.0	-33.1	-28.4	-27.6
Profit/loss from financial items	-2.8	-1.9	-3.7	-1.4	-1.8
Profit before tax	**175.7**	**157.0**	**158.7**	**172.4**	**136.5**
Tax	-39.0	-35.9	-32.2	-46.7	-36.5
Profit/loss for the year from continuing operations	**136.7**	**121.1**	**126.5**	**125.7**	**100.0**
Net profit/loss after tax from discontinued operations	-	-	-0.1	2.2	-4.5
PROFIT/LOSS FOR THE YEAR	**136.7**	**121.1**	**126.4**	**127.9**	**95.5**
EBITA*	**196.4**	**174.1**	**176.4**	**185.6**	**148.5**
FROM THE STATEMENT OF FINANCIAL POSITION					
Intangible fixed assets	175.1	145.3	157.1	138.3	106.8
Property, plant and equipment	204.2	210.6	202.0	188.5	182.5
Financial assets and deferred tax assets	2.4	2.2	1.6	2.8	8.5
Inventories	336.5	302.1	294.6	269.4	219.9
Current receivables	325.0	266.6	264.5	262.4	240.7
Cash and cash equivalents	80.1	172.8	180.9	161.6	173.2
TOTAL ASSETS	**1,123.3**	**1,099.7**	**1,100.7**	**1,023.0**	**931.6**
Equity	551.9	724.8	688.7	647.7	593.8
Non-current liabilities	116.8	96.0	86.2	93.8	67.9
Current liabilities	454.6	278.9	325.8	281.5	269.9
TOTAL EQUITY AND LIABILITIES	**1,123.3**	**1,099.7**	**1,100.7**	**1,023.0**	**931.6**

** Definition EBITA: Operating profit before amortisation of acquisition-related intangible fixed assets.*

KPIs for the last five years

OEM GROUP		2014	2013	2012	2011	2010
Net sales **	SEK million	1,887	1,668	1,631	1,590	1,430
Of which overseas **	%	37.0	35.8	36.2	35.3	37.2
Consolidated profit before tax**	SEK million	175.7	157.0	158.7	172.4	136.5
Consolidated profit for the year	SEK million	136.7	121.1	126.4	127.9	95.5
EBITA**	SEK million	196.4	174.1	176.4	185.6	148.5
Return on total capital ** ***	%	17.8	15.9	16.8	19.3	16.2
Return on capital employed ** ****	%	24.1	21.3	23.2	26.7	22.0
Return on equity	%	21.4	17.1	18.9	20.6	16.5
Debt/equity ratio	times	0.45	0.15	0.17	0.13	0.14
Interest coverage ratio **	times	45.3	55.7	43.9	50.8	52.4
EBITA margin**	%	10.4	10.5	10.8	11.7	10.4
Operating margin **	%	9.5	9.5	9.9	10.9	9.7
Profit margin **	%	9.3	9.4	9.7	10.8	9.5
Capital turnover rate	times/yr	1.68	1.52	1.48	1.56	1.54
Net sales/employee**	SEK million	2.9	2.6	2.6	2.8	2.8
Equity/assets ratio	%	49.1	65.9	62.6	63.3	63.7
Operating cash flows	SEK million	151.1	133.8	125.7	108.1	115.6
Quick ratio	%	89	155	138	153	153
Average number of outstanding shares	thousands	23,107	23,107	23,107	23,164	23,169
Earnings per share	SEK	5.92	5.24	5.47	5.52	4.12
Earnings per share **	SEK	5.92	5.24	5.47	5.42	4.32
Average total number of shares	thousands	23,169	23,169	23,169	23,169	23,169
Earnings per share	SEK	5.90	5.23	5.46	5.52	4.12
Earnings per share**	SEK	5.90	5.23	5.46	5.42	4.32
Shareholders' equity per share*	SEK	23.82	31.28	29.74	27.95	25.63
Proposed dividend	SEK	4.25	4.00	3.75	3.50	3.00
Quoted price as at 31 December	SEK	110.00	88.75	67.00	55.00	54.50
P/E ratio	times	18.6	17.0	12.3	10.0	13.2
P/E ratio**	times	18.6	17.0	12.3	10.1	12.6
Direct return	%	3.9	4.5	5.6	6.4	5.5
No. of employees **	No.	654	631	623	570	504
Salaries and remuneration **	SEK million	241	219	212	199	182

** Shareholders' equity per share = visible equity*

*** Continuing operations*

**** New definition of return on total capital is EBITA plus finance income as a percentage of average total capital. Comparative figures for 2010 - 2013 have been restated as a result of the new definition.*

***** New definition of return on capital employed is EBITA plus finance income as a percentage of capital employed. Comparative figures for 2010 - 2013 have been restated as a result of the new definition.*

The five-year summary of key performance indicators for 2010 to 2014 has been adjusted in line with IFRS 5 by excluding discontinued operations, so that only continuing operations are reported.

The Board of Directors and the Managing Director of OEM International AB (publ.), CRN 556184-6691, hereby present the Annual Report and the consolidated financial statements for the 2014 financial year. The Annual Report and the consolidated financial statements, including the Auditors' Report, are given on pages 29–82. Figures for 2013 are given in brackets.

THE GROUP

Business activities

OEM is a leading technology trading group operating in 14 selected markets in northern Europe, Central Eastern Europe, the UK and China. Operations are conducted in subsidiaries in the Nordic countries, the UK, Poland, the Czech Republic, Slovakia, the Netherlands, Hungary, Estonia, Latvia, Lithuania and China.

OEM has partnerships with more than 300 leading and specialist manufacturers, allowing it to offer an extensive and detailed range of industrial components. A well-structured local market organisation and efficient logistics make OEM a better alternative to the suppliers' own sales organisations. OEM provides a high level of expertise and service and markets the products according to the specific conditions of each market.

Its extensive range of industrial components comprises products in the areas of electrical components, flow technology, installation components, motors and transmissions, ball bearings and seals, and appliance components. The range is constantly evolving with the addition of new products and the replacement or discontinuation of unprofitable products.

The clearly-defined product range that is marketed in each region and the added values created by the organisation form a distinct brand concept. The brand concepts are launched on new geographic markets as they grow in strength.

The Group is organised and primarily managed as three market regions;

- Sweden,
- Finland, the Baltic states and China,
- Denmark, Norway, the United Kingdom and Central Eastern Europe.

The objective of this organisation is to consolidate OEM's long-term competitive edge and increase growth outside of Sweden.

OEM's Class B share is listed on NASDAQ OMX Nordic Mid Cap in Stockholm.

New financial targets

New financial targets for the company were set at the Board meeting on 21 October 2014. New targets have been introduced because the market situation is now different to what it was when the last set of targets was established and because the company wants its performance targets to be more clearly defined.

The target for sales growth through a business cycle has changed from 15 % per annum to at least 10 % per annum. The Board has taken into account the underlying growth and inflation in the markets in which OEM International operates and it considers this to be a more appropriate target. The previous target was set in the 1990s when the underlying growth and inflation were different.

The 15 % target for annual earnings growth over a business cycle has been replaced by a new financial target: A minimum EBITA margin of 10 % per annum through a business cycle. The reason is that this financial target more clearly defines the level of profitability that the company wants to achieve.

OEM International's new financial targets are:

- Minimum sales growth of 10 % per annum through a business cycle.
- A minimum EBITA margin of 10 % per annum through a business cycle.
- A minimum return on equity of 20 % per annum through a business cycle.
- A minimum equity/assets ratio of 35 %.

Incoming orders, net sales and profit

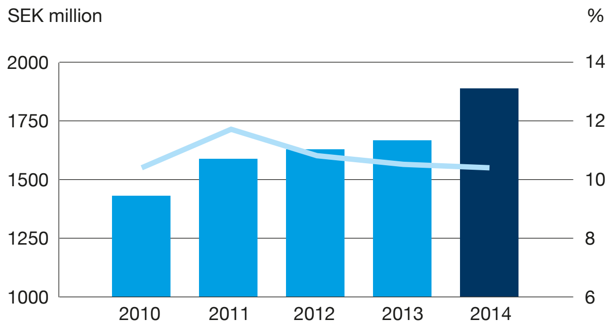
Incoming orders increased by 16 % to SEK 1,916 million (1,649) during the year. The order book reached SEK 248 million and was 15 % higher than the same period last year.

Net sales rose 13 % to SEK 1,887 million (1,668) over the previous year. Net sales rose 9 % for comparable entities, and 5 % excluding the impact of foreign currency exchange rate fluctuations.

Operating profit before amortisation of acquisition-related intangible fixed assets (EBITA) was SEK 196 million (174), which is an increase of 13 %. The operating margin before amortisation of acquisition-related intangible fixed assets was 10.4 % (10.5 %).

The impact of currency movements on the translation of overseas operations had a beneficial effect of approximately SEK 2 million on EBITA. Profit before tax was SEK 176 million (157) and profit after tax rose 13 % to SEK 137 million (121).

The year's profit after tax corresponds to SEK 5.92 (5.24) per share.



Net sales SEK million (bar chart), EBITA margin % (line chart).

Region Sweden

Sales are conducted under the names of OEM Automatic, OEM Electronics, OEM Motor, Internordic Bearings, Telfa, Elektro Elco, Nexa Trading, Svenska Helag, Svenska Batteripoolen, Flexitron, Agolux, Vanlid Transmission and Kübler Svenska.

Net sales rose 11 % to SEK 1,193 million (1,072) due to increasing demand on existing entities and the acquisition of Nexa Trading AB and Kübler Svenska AB. The increase was 6 % for comparable entities and the movement in exchange rates had a beneficial effect of about 3 % on net sales. This means that organic growth was approximately 3 %. Elektro Elco, OEM Automatic and OEM Motor account for the largest percentage growth in net sales in Sweden.

Incoming orders rose 16 % to SEK 1,213 million (1,048). Incoming orders were 2 % higher than net sales in 2014, which is a positive sign.

EBITA rose 7 % to SEK 155 million (145). Excluding the non-recurring expense related to the lawsuit, EBITA rose 10 % to SEK 160 million. This improvement is largely attributable to higher net sales.

Region Finland, the Baltic states and China

Sales are conducted under the names of OEM Automatic, OEM Electronics and Akkupojat.

In 2014, net sales rose 15 % to SEK 284 million (248). The movement in exchange rates had a beneficial 5 % effect on net sales and acquisitions had a beneficial 2 % effect on net sales. This means that organic growth was 8 %. Growth was almost exclusively attributable to the operations in Finland, which meant that OEM increased its market share in a weak market. The situation in other markets remained more or less the same.

Incoming orders have also been strong and increased by 17 % to SEK 287 million (246).

Incoming orders were 1 % higher than net sales in 2014, which is a positive sign.

EBITA rose 11 % to SEK 20 million (18), due primarily to increased net sales.

Region Denmark, Norway, UK and Central Eastern Europe

Sales are conducted under the names of OEM Automatic, OEM Automatic Klitsö, Scanding and OEM Electronics.

Net sales rose 18 % to SEK 411 million (349) in 2014 due to increasing demand, particularly in Poland, the Czech Republic, Denmark and the UK. The movement in exchange rates had a beneficial 5 % effect on net sales. Acquisitions have increased the net sales by 4 %, which means that organic net sales rose 9 % for the region.

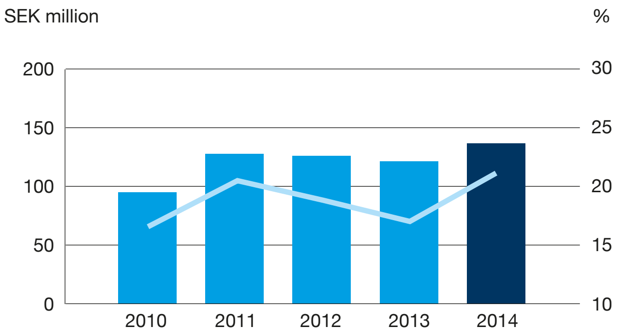
The level of incoming orders has also been good, rising 17 % to SEK 416 million (355).

Incoming orders were 1 % higher than net sales in 2014, which is a positive sign.

EBITA rose 19% to SEK 32 million (27), due primarily to increased net sales.

Profitability and financial position

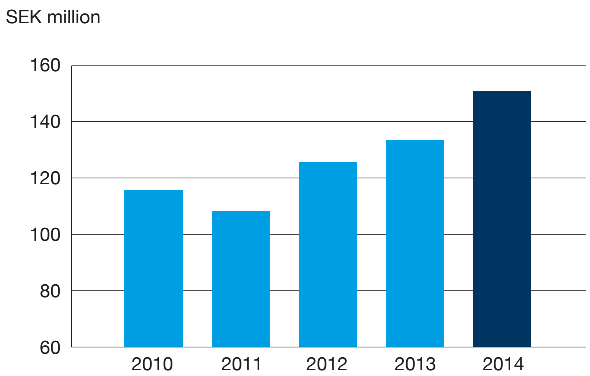
Return on capital employed was 24.1 % (21.3 %) and return on equity was 21.4 % (17.1 %), which exceeds the Group's financial target of 20 %. The Group's equity/assets ratio at year-end was 49.1 % (65.9 %). Shareholders' equity per share was SEK 23.82 (31.28). The Group's cash and cash equivalents, together with committed undrawn credit facilities, amounted to SEK 320 million (393) at year end.



Profit after tax SEK million (bar chart), Return on equity % (line chart).

Cash flow

The operating cash flow was SEK 151 million (134). After net investments of SEK -42.9 million (-44.4) and amortisation, new loans, paid dividends and redemption of shares for a total of SEK -202 million (-96.9), the year's cash flow was SEK -94.3 million (-7.3).



Operating cash flow, SEK million.

Investments

The Group's gross investment for the year, excluding acquisitions, was SEK 18.7 million (27.4) in machinery and equipment, SEK 0.7 million (1.7) in buildings, and SEK 1.3 million (5.9) in other intangible fixed assets comprising patents and software.

Group changes

On 15 January 2014, the majority of the operations of the Finnish company Mytrade, was acquired. Mytrade's core business is the marketing of visions systems. The business, which generated sales of SEK 9 million in 2013, has been integrated into the operations of OEM Automatic Finland and became part of the Finland, Baltic states and China region on 1 January 2014.

On 27 January 2014, all of the shares in Nexa Trading AB were acquired. The company markets products, primarily in the Nordic countries, for wireless control of lighting and other devices, and safety products for the home. It generated sales of SEK 52 million in 2013. The company became part of Region Sweden on 1 January 2014.

On 3 July 2014, all of the shares in the Danish company Scanding A/S were acquired. The company markets flow components primarily for the processing industry in Denmark. The company's sales in 2013 amounted to approximately DKK 25 million. The company became part of Region Denmark, Norway, UK and Central Eastern Europe on 1 September 2014.

On 27 November 2014, all of the shares in Kübler Svenska AB were acquired. The company markets components for the control of fluid levels or flows in machinery and processes. The company has an annual turnover of approximately SEK 13 million. The company became part of Region Sweden on 1 December 2014.

A group-wide restructuring programme is in progress aimed at achieving a simpler, more distinct legal Group structure through mergers and voluntary liquidations.

Employees

At year end, the headcount was 659 (643), an increase of 16 employees. The average number of employees during the year was 654, compared with 631 in the previous financial year. The increase in employee headcount is mainly due to additions from business combinations. Women represent 20 % (21 %) of the workforce. Absence due to illness stands, on average, at 5 days per person and has dropped by 1 day since last year. OEM encourages a healthy lifestyle through various forms of exercise and preventive healthcare. The average cost of training per employee is SEK 3,000 (4,000). Further information is provided in Note 5.

Risks and risk management

OEM's results, financial position and strategic position are affected by a number of internal factors over which OEM has control and a number of external factors where the opportunity to influence the chain of events is limited.

The most important risk factors include the economic situation in combination with structural changes, the competitive situation and the dependence on suppliers and customers. The main financial risks are currency risk in purchase transactions and translation risk in net investment in foreign operations. A description of the financial instruments, and how OEM manages financial risks, is presented in Note 24.

Economy

OEM is affected by the general development of the economy, which is usually measured in terms of GDP growth. The company operates in a wide range of different sectors and geographic areas which lessens the impact of economic fluctuations in specific industries and geographic markets on its business.

Structural changes

OEM is affected by structural changes in the market, for example, customers want fewer suppliers, rapid developments in technology or competition from lower-cost countries.

OEM works actively to increase the value of its product offering, regardless of customer group. This has clearly contributed to the Group's performance and to the fact that it continues to be a priority supplier for many customers. By working alongside the customers, it is possible to capture trends and know when it is commercially justifiable to enter a new product area in order to keep abreast of advances in technology. OEM offers a high level of service and expert technical advice to offset the effects of competition from lower-cost countries. OEM also strives to establish close links with customers by becoming involved during planning and development stages when OEM's employees are able to help customers by providing expert input for different processes.

Dependence on suppliers and customers
Dependence on individual suppliers is one of the key operational risks to which a single subsidiary can be exposed. In order to minimise this risk, the subsidiaries work close to their suppliers in order to create strong relationships on several levels. Furthermore, the majority of the suppliers are represented on several markets, which strengthens the relationships. The relationships are based on long-term, close collaborative partnerships. The Group has some 300 suppliers in total. No supplier accounts for more than 10% of total Group sales. The expiration and addition of a number of supplier agreements each year is a normal part of the business.

OEM has a broad customer structure spread across several industrial segments and geographic markets. No customer accounts for more than about 4% of total Group sales.

Competitive situation
Restructuring and consolidations in the industrial trading sector are continuously changing the competitive situation. Economies of scale can lead to a price squeeze, but OEM's strategy includes reaching market-leading positions with a portfolio of products and services where the price is not the decisive factor.

Expectations of future development
The most important tasks for the Group are to focus on growth and continue improving the profitability of existing operations. Added to this are the sales and earnings resulting from successful acquisitions.

The Group aims to increase its sales share outside of Sweden.

OEM's objective is to achieve a good return on shareholders' equity with limited financial risks during stable growth.

The targets for one business cycle are:

- at least 10% annual sales growth,
- a minimum EBITA margin of 10%,
- at least 20% return on equity,
- equity/assets ratio that does not drop below 35%.

The Group has not issued a forecast for 2015.

OEM is well placed for further expansion with its strong market position, financial performance and organisation.

Research and development
OEM does not conduct any research and development activities of its own. R&D is mainly conducted at our suppliers under the suppliers' own control, using information about market demand that we provide.

Environmental impact
OEM had no operations requiring registration or licensing under the Swedish Environmental Code in 2014. OEM's focus on trade means that the greatest environmental impact comes from transportation, environmentally harmful substances, printed materials, packaging materials and heating. OEM takes a structured approach in all of these areas to reduce its impact on the environment.

The OEM Group's environmental policy dictates continuous efforts to minimise its external environmental impact. Its environmental programme is governed by the ambitions of the company management and the employees, customer requirements and legislation. The aim is to minimise the short and long-term impacts of its operations on the environment.

PARENT COMPANY

The Parent Company is to be an active owner and develop the subsidiaries. In addition to clear management-by-objectives, this means contributing expertise and resources in the fields of IT, financial control, HR administration, market communication, quality and environmental control, and warehouse management.

The Parent Company's net sales were SEK 38.6 million (37.5). Net sales relate entirely to subsidiary companies. Profit before year-end appropriations and tax amounted to SEK 3.0 million (16.3).

With regard to non-financial information and financial risk management, the Group's information also includes the Parent Company, where applicable.

Guidelines for remuneration of senior executives
The policies for remuneration of senior executives adopted at the 2014 Annual General Meeting are presented in Note 5.

The remuneration of the Chairman and Members of the Board of Directors is paid in accordance with the resolution of the Annual General Meeting. The chairperson of the Audit Committee will receive remuneration of SEK 25,000. No other special fees are paid for work on committees.

The Board's proposed policies for remuneration of senior executives, which are to be presented at the 2015 Annual General Meeting, include market-competitive salaries and other remuneration terms for the company's management. All share-related incentive schemes are to be decided by the Annual General Meeting. In addition to base salary, management may also receive variable remuneration, which is capped at 58% of base salary. Senior executives shall have premium-based pension schemes, capped at 30% of fixed remuneration. The above proposals are the same as for last year.

The period of notice on the company's part may not exceed 24 months and involves the obligation to work during the period of notice. Employment agreements shall not contain provisions for severance pay. There is an exception in an agreement signed in 2001, whereby severance pay, amounting to a further six (6) months' salaries, may be made upon termination by the company when the employee reaches the age of 55. The severance pay does not involve the obligation to work. This exception means a maximum of 18 monthly salaries upon termination by the company.

Shares, etc.

OEM shares
The share capital of the company consists of 23,169,309 shares divided among 4,767,096 Class A shares and 18,402,213 Class B shares. One Class A share entitles its holder to ten voting rights and one Class B share to one voting right. The face value per share is SEK 1.67.

Repurchase of own shares
With the objective of improving the Group's return on shareholder's equity and earnings per share, OEM International AB has an authorisation granted to the Board of Directors by the Annual General Meeting, to repurchase its own shares. The Annual General Meeting is authorised to repurchase up to 10% of the number of shares, which is 2,316,931 shares.

In 2011, the company repurchased 61,847 shares at an average price of SEK 53.26. No shares were repurchased in 2012–2014. The company's total shareholding was 61,847 shares on 31 December 2014, which is equivalent to 0.3% of the aggregate number of shares.

A new request for authorisation to repurchase up to 10% of the number of shares will be discussed at the Annual General Meeting.

Share split and redemption procedure
In order to alter the company's capital structure, the 2014 Annual General Meeting approved the proposal to implement a 2:1 share split combined with an automatic redemption procedure. This was implemented in 2014 by splitting an existing share in the company into two shares, one of which is a redemption share. This was redeemed for SEK 10, which corresponds to approximately SEK 231 million.

Other information
The Board of Directors is appointed by the Annual General Meeting. The Articles of Association contain a preemption clause which states that if Class A shares are transferred from one shareholder to another shareholder in the company, or to someone not previously a shareholder

in the company, the shares shall be offered immediately to the other holders of Class A shares for redemption through a written application to the company's Board of Directors. If the company decides to issue new shares of Class A and B, through cash issue or set-off, owners of Class A and B shares shall have preferential rights to subscribe for new shares of the same type.

Notice of annual general meetings and extraordinary general meetings convened for the purpose of amending Articles of Association must be issued between six and four weeks before the meeting and resolutions must be supported by shareholders with at least 2/3 of the votes cast as well as of the shares represented at the meeting. Notice of extraordinary general meetings convened for other purposes shall be issued no later than three weeks prior to the meeting.

Proposed dividends

The Board of Directors is proposing a dividend payment of SEK 4.25 (4.00) per share, which represents a total payout of SEK 98.5 million. The complete proposal for profit allocation is presented on page 81.

Events after the reporting period

On 26 January 2015, OEM International acquired all shares in AB Ernst Hj Rydahl Bromsbandfabrik, known as Rydahls. The company has its head office in Karlstad, sales offices in five other locations in Sweden and is one of Scandinavia's leading suppliers of brake and friction components. It reports annual sales of approximately SEK 120 million and has 45 employees.

CORPORATE GOVERNANCE STATEMENT

Introduction

OEM International AB (the company) applies the Swedish Code of Corporate Governance (the Code) in accordance with the NASDAQ OMX Stockholm's rules for issuers. The Code is aimed at creating good prerequisites for an active and conscientious owner role and constitutes an element in the self-regulation of Swedish enterprise. It is based on the "comply or explain" rule, which means that non-compliance with a term of the Code is not a breach provided there is an acceptable reason that can be explained. OEM International has noted deviations from the rules of the Code concerning the Nomination Committee and the number of board members in the Audit Committee. These are explained in detail under the headings Nomination Committee and Audit Committee.

Division of responsibilities

The purpose of corporate governance is to create a clear division of roles and responsibilities between the owners, the Board of Directors and the executive management. Corporate governance in OEM is based on the Swedish Companies Act and other legislation and regulations, the rules applicable to companies listed on the stock exchange, the Articles of Association of the company, the internal governing instruments of the Board of Directors, the Swedish Code of Corporate Governance and other internal guidelines and regulations.

Shareholders

OEM International AB is a public company and was listed on the Stockholm Stock Exchange in December 1983. OEM International AB had 2,462 shareholders at the end of 2014. The ten largest shareholders controlled 75 % of the share capital and 91 % of the voting rights at year-end. The following shareholders have, directly or indirectly, shareholdings representing at least one-tenth of the number of voting rights for all shares in the Company: Orvaus AB with 28.9 %, Hans and Siv Franzén with 21.4 %, Agne and Inger Svenberg with 19.2 % and AB Traction with 10.0 %.

Articles of Association

The Articles of Association stipulate that OEM International AB is a public company whose business is to "engage in sales of automatic components and carry on any and all activities compatible therewith".

The share capital amounts to SEK 38,615,015 and the number of shares to 23,169,309 divided into 4,767,096 Class A shares with 10 voting rights each and 18,402,213 Class B shares with one voting right each. The company's Board of Directors is to consist of not less than four and not more than seven members. The company is to have at least one auditor appointed by the Annual General Meeting and a deputy auditor if the elected auditor is not an auditing firm. Notice of annual general meetings and extraordinary general meetings convened for the purpose of amending Articles of Association must be issued between six and four weeks before the meeting. Notice of extraordinary general meetings convened for other purposes shall be issued no later than three weeks prior to the meeting. Notice of an annual general meeting shall be published in the "Post- och Inrikes Tidningar" newspaper and on the company's website. It must be announced in Svenska Dagbladet that notice has been issued.

No limitation to the number of voting rights for represented shares applies to voting at the general meeting.

There is a pre-emptive clause regarding the A Class shares and a priority clause in connection with a cash or set-off issue. The current Articles of Association were adopted at the 2011 Annual General Meeting and can be viewed on the company's website, www.oem.se (see under The Company/Corporate Governance/Articles of Association).

Annual General Meeting

The Annual General Meeting is the highest decision-making body in OEM International AB where the shareholders exercise their voting rights. The Annual General Meeting passes resolutions concerning the adoption of the Statement of Income for the Group, the Statement of Comprehensive Income for the Group, the Statement of Financial Position for the Group and the Income Statement and Balance Sheet for the Parent Company, distribution of dividends, election of Board of Directors and, where applicable, election of auditors, remuneration of Board Members and other senior executives, remuneration of auditors and other business in accordance with the Swedish Companies Act and the Articles of Association of the Company. The Annual General Meeting is to be held in the municipality of Tranås within six months of the end of the financial year. All shareholders entered in the share register prior to the meeting who have registered their participation are entitled to participate and vote for their total shareholding.

In order to be able to exercise their voting rights at the Annual General Meeting, shareholders who have registered their shares in the name of an authorised agent must temporarily re-register their shares in their own name in accordance with what follows from the notice to the Annual General Meeting. Shareholders can be represented by agents. Minutes of the Annual General Meeting are available for viewing on the company's website, www.oem.se (see under The Company/Corporate Governance/Annual General Meeting).

Shareholders who represented 61.4 % of the share capital and 86.4 % of the voting rights took part in the 2014 Annual General Meeting held on 29 April 2014. Lars-Åke Rydh was appointed to chair the Annual General Meeting. The annual report and the Auditors' Report were presented at the Meeting. In connection therewith, the Chairman of the Board submitted information about the work of the Board of Directors and reported on the cooperation with the auditors. The company's Managing Director and CEO, Jörgen Zahlin, commented on the Group's operations, the 2013 financial year and developments during the first quarter of 2014 and gave his assessment of the future prospects and outlook for the Group. The auditor submitted the Auditors' Report and an oral account of the work during the year.

The 2014 Annual General Meeting decided:

to adopt a dividend of SEK 4.00 per share

to implement an automatic redemption procedure to split each share into two shares (a 2:1 share split), one of which will be called a redemption share in the Euroclear system. Each redemption share was redeemed for SEK 10. The automatic redemption procedure included the following decisions:

(a) amendment of the Articles of Association as they relate to the limits for the number of shares;

(b) implementation of a share split;
(c) reduction of share capital through redemption of shares; and
(d) increase of share capital through a bonus issue

to elect Lars-Åke Rydh, Ulf Barkman, Hans Franzén, Jerker Löfgren, Agne Svenberg and Petter Stillström as members of the Board of Directors

to elect Lars-Åke Rydh as Chairman of the Board of Directors

to adopt the proposal of the Nomination Committee that the Nomination Committee should be made up of representatives of not less than three and no more than four of the largest shareholders and that the Chairman of the Board should act as Chairman of the Nomination Committee

to adopt the proposal of the Board of Directors that remuneration received by senior executives from OEM International AB is mainly comprised of fixed and variable components. The remuneration shall be market-competitive and the variable amount shall be capped at 58 % of base salary. The company's management shall have market-competitive, premium-based pension schemes, capped at 30 % of fixed remuneration.

to be allowed to issue up to 1,800,000 new Class B shares in connection with business combinations, in line with the proposal of the Board of Directors.

to adopt the proposal of the Board of Directors to repurchase a maximum of 10 % of the company's shares.

The 2015 Annual General Meeting will be held on 23 April 2015 in Tranås.

Nomination Committee

At the Annual General Meeting held on 29 April, 2014, it was decided that the Nomination Committee shall consist of one representative from each one of no less than three and no more than four of the company's largest shareholders and the Chairman of the Board, unless he/she is a member as a shareholder representative. If a shareholder does not exercise his/her right to appoint a member, the next largest shareholder in terms of voting rights is entitled to appoint a member in the Nomination Committee. The names of the members and the names of the shareholders they represent shall be published at least six months before the 2015 Annual General Meeting and shall be based on the known number of votes immediately before publication. The term of office of the Nomination Committee shall run until a new Nomination Committee is appointed. The Chairman of the Nomination Committee shall be the Chairman of the Board.

Should there be any significant changes in the company's ownership structure after the appointment of the Nomination Committee, the composition of the Nomination Committee shall also be changed in line with the principles above. Shareholders who appointed a representative to be a member of the Nomination Committee shall be entitled to dismiss such a member and appoint a new one and also appoint a new representative if the member appointed by the shareholder chooses to withdraw from the Nomination Committee. Changes to the composition of the Nomination Committee shall be published as soon as such changes are made. The composition of the Nomination Committee was published with the interim report on 21 October 2014. The composition of the Nomination Committee is available for viewing on OEM's website, www.oem.se, under The company/Corporate governance/Nomination committee.

The Nomination Committee shall prepare proposals for the following items of business to be presented for resolution at the 2015 Annual General Meeting:

- proposal for a Chairman for the Meeting
- proposal for members of the Board of Directors
- proposal for Chairman of the Board of Directors
- proposal for remuneration of the Board of Directors
- proposal for remuneration for any committee work
- proposal for auditors
- proposal for auditors' fees
- proposal for a resolution regarding the Nomination Committee

The Nomination Committee shall discharge its duties as required by the Swedish Code of Corporate Governance and may, if necessary, take independent professional advice at the company's expense in the furtherance of its work.

The Nomination Committee for the 2015 Annual General Meeting is composed of:

- Lars-Åke Rydh, Chairman of the Board and also Chairman of the Nomination Committee
- Jerker Löfgren, Orvaus AB
- Hans Franzén
- Agne Svenberg
- Bengt Stillström, AB Traction

The Nomination Committee held three minuted meetings at which it acquainted itself with the assessment of the work of the Board of Directors during the past year and discussed the composition of the Board of Directors.

The Nomination Committee's proposals to the Annual General Meeting will be presented in the notice of the Annual General Meeting and on the company's website.

The composition of the Nomination Committee above deviates from the regulations of the Code, which stipulate that the majority are members of the Board, that not more than one of the Board Members on the Committee may be dependent on large shareholders and that a Board Member should not be a Chairman of the Nomination Committee. It is deemed that it is reasonable for a company of this size to have a Nomination Committee that is represented by the largest shareholders and that some of these also serve as Board Members.

Board of Directors

Composition of the Board of Directors

The Articles of Association require that the Board of Directors is to consist of not less than four and not more than seven members elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. Since the 2014 Annual General Meeting, the Board has consisted of the following members, all of them elected by the Annual General Meeting: Lars-Åke Rydh (Chairman), Ulf Barkman, Hans Franzén, Jerker Löfgren, Petter Stillström and Agne Svenberg. The members of the Board are presented on page 83 and on the company's website (see under The company/The Board). All Board Members are independent with regard to the company and the company's management. Of the members who are independent in relation to the company and the company's management, Ulf Barkman and Lars-Åke Rydh are also independent in relation to the company's major shareholders. The current duties of the Members of the Board are presented on page 83.

Chairman of the Board

It is the duty of the Chairman of the Board, Lars-Åke Rydh, who was re-elected at the 2014 Annual General Meeting, to ensure that the work of the Board is conducted efficiently and that the Board discharges its duties as required by the Swedish Companies Act, other legislation and regulations, rules applicable to companies listed on the stock exchange (including the Code) and the Board's internal governing instruments. It is the Chairman's task to ensure that the Board continuously updates and deepens its knowledge about the company and receives satisfactory data and decision-making information for its work, to establish the agenda for the meetings of the Board in consultation with the Managing Director, to verify that the decisions of the Board are implemented and ensure that the work of the Board is assessed annually. The Chairman of the Board represents the company in ownership issues.

Duties of the Board

Each year, the Board establishes written rules of procedure that regulate the Board's work and its mutual division of responsibilities, including its committees, the decision-making procedure in the Board, the Board's meeting procedure and the Chairman's duties. The Board has also issued an instruction for the Managing Director, which regulates his duties and reporting obligation to the Board of Directors. The Board has also adopted policies on financial and other matters.

The Board monitors the work of the Managing Director by regularly reviewing operations during the year. It is responsible for purposefully structuring the organisation, and the procedures and guidelines for the management of the company's business. It is also responsible for ensuring that there is a satisfactory system of internal control. The Board is also responsible for the development and follow-up of the company's strategies, decisions concerning acquisition and sale of operations, major investments, appointments and remuneration of the Managing Director and other senior executives as stated in the guidelines adopted by the Annual General Meeting. The Board of Directors and the Managing Director present the annual report to the Annual General Meeting.

Work of the Board

In accordance with the adopted rules of procedure, the Board of Directors holds at least six ordinary meetings per year plus an inaugural meeting after the Annual General Meeting and whenever necessitated by the situation.

During 2014, the Board had a total of eleven meetings, including the inaugural meeting.

The Board Members have participated in all Board meetings with the exception of Ulf Barkman and Petter Stillström, who were absent on one occasion. All resolutions have been passed unanimously by the Board of Directors.

The secretary of the Board is the company's CFO. Other company employees take part in the meetings of the Board in connection with the presentation of specific issues or when otherwise deemed appropriate.

The work of the Board during the year has covered a range of matters, including issues concerning the strategic development of the Group, operating activities, the trend in earnings and profits, business combinations, disposal of companies and properties, organisation, the Group's financial position and funding of the Group's capital structure.

The work of the Board is subject to an annual assessment.

Remuneration of the Board

The remuneration of the members of the Board elected by the Annual General Meeting is decided by the Meeting in accordance with the proposal of the Nomination Committee. The 2014 Annual General Meeting approved the proposal that fees of SEK 325,000 be paid to the Chairman of the Board and SEK 175,000 to each of the Board members elected at the Meeting, for the period until the 2015 Annual General Meeting. The total remuneration of Board members, in accordance with the approval of the Annual General Meeting, is thus SEK 1,200,000. Board members may be able to invoice the remuneration through their companies if current tax legislation allows for invoicing and provided the company will not incur any expense. If a Board member invoices the Board remuneration via his/her company, the remuneration shall be augmented by an amount equivalent to the statutory social contributions and value added tax.

The chairperson of the Audit Committee will receive remuneration of SEK 25,000. No additional remuneration has been paid to any Board Member.

Remuneration Committee

The Board has appointed a Remuneration Committee, which consists of the Chairman, Lars-Åke Rydh, and Board Members Hans Franzén and Agne Svenberg. The Remuneration Committee prepares "the Board's proposals for policies for senior executives' remuneration" and the application of these. The proposal is discussed by the Board and is subsequently presented to the Annual General Meeting for adoption. Based on the resolution of the Annual General Meeting, the Board decides on the remuneration of the Managing Director. Based on the proposal of the Managing Director, the Remuneration Committee passes a resolution on the remuneration of other members of the Group management. The Board is informed of the decisions of the Remuneration Committee. Salaries and other terms of appointment for Group management shall be set at competitive levels. In addition to base salary, the Group's executive team may also receive variable remuneration, which is capped at 58 % of base salary. The amount of the variable remuneration is unchanged compared to 2013. Senior executives in the OEM Group shall have market-competitive, premium-based pension schemes, capped at 30 % of fixed remuneration. The pension scheme level is the same as for 2013. All share-related incentive schemes are to be decided by the Annual General Meeting. At present, there are no similar incentive schemes. The maximum term of notice is 24 months and shall also include the obligation to work during the term of notice.

The Remuneration Committee met once in the year to review and approve the above policy proposals.

Guidelines for the remuneration of senior executives will be proposed for adoption at the 2015 Annual General Meeting and are presented on page 59 of this report.

Audit Committee

During the year, the Board has had a special Audit Committee consisting of Chairman Ulf Barkman and Lars-Åke Rydh. The members of the Committee are independent in relation to the company, the company's management and in relation to the company's major shareholders.

The Audit Committee shall, without it otherwise affecting the Board's responsibilities and duties, monitor the financial reporting of the company, monitor the efficiency of the company's internal control and risk management relating to the financial reporting, keep itself informed about the audit of the Annual Report and consolidated financial statements, scrutinise and monitor the impartiality and independence of the auditor and pay particular attention if the auditor provides the company with services other than auditing services. The Audit Committee evaluates the audit work that has been carried out and informs the company's Nomination Committee of the results of the evaluation and assists the Nomination Committee in preparing proposals for auditors and remuneration of the auditors' work.

The Audit Committee has convened on four occasions and has met with an external auditor on three of them. The Board and the Audit Committee have held a review meeting with and received a report from the company's external auditor in connection with the Board meeting in February 2015 at which the Board approved the annual financial statements. The auditors' reports have not led to any specific measures by the Board or the Audit Committee. The composition of the above Audit Committee deviates from the regulations of the Code in that the Audit Committee consists of two members instead of three. It is considered reasonable for a company of this size to have an Audit Committee comprising two members, as the Board also meets with the auditor on one occasion.

Managing Director and Group Executive Team

The Managing Director, Jörgen Zahlin, manages the operations in accordance with the Swedish Companies Act, other acts and regulations, the rules applicable to companies listed on the stock exchange, the Articles of Association of the Company, the internal governing instruments of the Board of Directors and the goals and strategies set by the Board. The Managing Director prepares the necessary information and basis for decisions prior to the Board meetings, in consultation with the Chairman of the Board, presents the items and justifies proposals for resolutions. The Managing Director leads the work of the Group's executive team and makes decisions in consultation with the members of the executive team. In 2014, OEM's executive team members were Jörgen Zahlin, Jan Cnattingius, Jens Kjellsson, Urban Malm, Patrick Nyström, Sven Rydell, Fredrik Simonsson and Mikael Thörnkvist. Mikael Thörnkvist was a member until the end of August.

The Group management holds regular business reviews under the leadership of the Managing Director. The Managing Director and the Group's executive team are presented on pages 84–85 of this document and on the company's website (see under The company/Group executive team).

Auditors

As required by the Articles of Association, the company must have at least one auditor appointed by the Annual General Meeting and, if the auditor is not an auditing firm, it must also have a deputy auditor. The company's auditors work according to an audit plan and report their observations to company management teams, the Group's executive team, the Audit Committee and the Board of Directors both during the course of the audit and in connection with the adoption of the annual financial statements. Internal procedures and control systems are continuously reviewed during the year. A final review of the annual financial statements and the Annual Report is carried out in January and February. A review is conducted in the interim report for the third quarter. An account of the remuneration of the auditors, including the fees for consulting services, is presented in Note 6. The auditors are required to continually assess their independence before deciding whether to undertake an engagement to provide consulting services.

An account of the audit is reported to the shareholders in the form of an auditors' report and other opinions, which constitute a recommendation to the shareholders on various items of business for resolution at the annual general meeting. The Auditors' Report contains proposals for adoption of the Income Statement and Balance Sheet for the Parent Company and the Statement of Comprehensive Income and the Statement of Financial Position for the Group, the appropriation of the company's profit and the discharge of the members of the Board and the Managing Director from liability.

The audit work includes such activities as an examination of compliance with the Articles of Association, the Swedish Companies Act and Annual Accounts Act, the International Financial Reporting Standards (IFRS), issues related to measurement of items recognised in the Statement of Financial Position/Balance Sheet for the Group/the Parent Company, follow-up of essential accounting processes and governance and financial control.

The company's auditors meet with the Audit Committee three times a year and once a year with the Board. The company's auditors also attend the Annual General Meeting to explain and give opinions on the audit work.

At the 2014 Annual General Meeting, KPMG AB was appointed as auditors of the company until the conclusion of the 2015 Annual General Meeting. Chartered Accountant Kjell Bidenäs has been the principal auditor since the 2009 Annual General Meeting. KPMG performs the audit in OEM International AB and the majority of the subsidiaries.

Kjell Bidenäs' other major clients include L E Lundbergföretagen AB (publ) and Väderstad-Verken AB.

Internal control and risk management regarding financial reporting for the financial year 2014

As required by the Swedish Annual Accounts Act, the Board of Directors must annually submit a presentation of the most important elements of the company's system for internal control and risk management with regard to its financial reporting. Pursuant to the Swedish Companies Act, the Board of Directors is responsible for internal control. This responsibility includes an annual assessment of the financial reporting submitted to the Board and placement of requirements to its contents and presentation in order to ensure the quality of the reporting. This requirement means that the financial reporting must be fit for its purpose and appropriate and apply the applicable accounting rules, acts and regulations and any other requirements placed on listed companies. The Board of Directors is responsible for ensuring that there is an adequate system for internal control, which covers all essential risks of errors in financial reporting. OEM's system for internal control comprises the control environment, risk assessment, control activities, information, communication and follow-up.

Control environment

OEM builds and organises its operations on decentralised profit and budget responsibilities. The basis for internal control in a decentralised organisation is a firmly-established process, aimed at defining goals and strategies for each organisation. Defined decision-making channels, powers and responsibilities are communicated through internal instructions and through guidelines and policies adopted by the Board of Directors. These documents set out the division of responsibilities and duties between the Board of Directors and the Managing Director and within the operational activities. They also include a financial policy, a manual for economic and financial reporting and instructions for each closing of the books. A Group-wide reporting system is used for the Group's year-end procedures.

Risk assessment

OEM has established procedures for handling risks that are deemed by the Board and the company's management to be essential for the internal control regarding financial reporting. The Group's exposure to a number of different market and customer segments and the division of its operations into some 30 companies ensures a significant spread of risk. The risk assessment is carried out based on the Group's Statement of Financial Position and Statement of Comprehensive Income in order to identify the risk for significant errors. The greatest risks for the OEM Group as a whole are related to revenue recognition, and inventories and trade receivables.

Control activities

OEM has established a number of control activities based on risk assessments that have been carried out. The activities are both preventive and ascertaining and include transaction-related checks, such as rules regarding authorisations and investments, and clear payment procedures, as well as analytical checks performed by the Group's controller organisation and central financial function. There are also various control activities related to the management of the purchase, logistics and sales processes. Controllers and financial managers on all levels in the Group have a key role with regard to integrity, competence and ability to create the environment that is required to achieve transparent and fair financial reporting. An important overall control activity is the monthly performance follow-up, which is carried out via the internal reporting system and which the Board of Directors analyses and comments on as part of its internal work. This involves comparing performance against set targets and previous results and reviewing a number of key ratios. Each company in the Group has an active Board whose chairperson is a member of the Group management. The Group management makes regular visits to the subsidiaries that are subject to financial follow-up.

Information and communication and follow-up

Internal information and external communications are regulated at an overall level by an information policy and other guidelines.

Relevant steering documents and instructions are available on the Group's intranet.

The Board of Directors receives comments from the Managing Director concerning the state of the business and the development of the operations on a monthly basis. The Board of Directors also deals with all quarterly financial statements, as well as the annual report prior to their publication. The financial situation is discussed at each Board meeting. The members of the Board then have an opportunity to pose questions to the company's management.

The company's auditors attend Audit Committee meetings three times a year and Board meetings once a year and present their observations of the company's internal procedures and control systems. The members of the Board then have an opportunity to pose questions. Every year, the Board takes a position on significant risk areas and assesses the internal control.

Furthermore, OEM's management continuously assesses the internal control regarding financial reporting, above all, through own analysis, by asking questions and taking part in the work of the control function.

Internal audit

The company and the Group have a relatively simple legal and operating structure and working steering and internal control systems. The Board continuously follows up the different Group companies' assessments of internal control, among other things, through contacts with the company's auditors. Against the backdrop of this, the Board has chosen not to have a special internal audit.

Proposed allocation of profits

The Board's proposals for allocation of profit are presented in full on page 81.

Consolidated Statement of Income

(SEK million)

	Note	2014	2013
Operating income			
Net sales	2	1,887.5	1,668.4
Other operating income	3	1.2	3.1
Operating costs			
Commodities		-1,190.5	-1,038.5
Staff costs	5	-348.5	-321.6
Other expenses	6	-128.0	-113.5
Depreciation/amortisation of property, plant and equipment and intangible fixed assets	7	-43.2	-39.0
Operating profit		**178.5**	**158.9**
Finance income and expense			
Finance income	9	1.1	1.3
Finance expense	10	-3.9	-3.2
Profit before tax		**175.7**	**157.0**
Taxes	11	-39.0	-35.9
PROFIT/LOSS FOR THE YEAR		**136.7**	**121.1**
Profit for the year attributable to:			
Parent Company shareholders		136.7	121.1
Non-controlling interests		-	-
Earnings per share, SEK *		5.92	5.24
Average number of outstanding shares *		23,107,462	23,107,462

** No effects of dilution present.*

Consolidated Statement of Comprehensive Income

(SEK million)

	Note	2014	2013
Profit/loss for the year		**136.7**	**121.1**
Other comprehensive income			
Items that have been or can be recycled to the income statement for the year			
Exchange differences on translation of foreign operations for the year		13.6	3.7
Items that have not been or cannot be recycled to the income statement for the year			
Revaluation of defined-benefit pension schemes		0.4	-2.8
Tax effect from revaluation of defined-benefit pension schemes		-0.1	0.8
Other comprehensive income for the year		**13.9**	**1.7**
COMPREHENSIVE INCOME FOR THE YEAR		**150.6**	**122.8**
Comprehensive income for the year attributable to:			
Parent Company shareholders		150.6	122.8
Non-controlling interests		-	-

Consolidated statement of financial position

(SEK million)

ASSETS	Note	31 Dec 2014	31 Dec 2013
Fixed assets			
Intangible fixed assets			
Goodwill	12	87.9	67.0
Other intangible fixed assets	12	87.2	78.3
		175.1	**145.3**
Property, plant and equipment			
Buildings and land	13	151.5	159.0
Fixtures, fittings, tools and equipment	13	52.7	51.5
		204.2	**210.6**
Financial assets			
Non-current receivables		0.4	0.2
		0.4	**0.2**
Deferred tax assets	11	**2.0**	**2.0**
Total fixed assets		**381.7**	**358.1**
Current assets			
Inventories, etc.			
Commodities		336.5	302.1
		336.5	**302.1**
Current receivables			
Tax receivables		6.0	10.9
Trade receivables		289.5	236.9
Other receivables		13.6	10.2
Prepaid expenses and accrued income	15	15.9	8.6
		325.0	**266.6**
Cash and cash equivalents	26	**80.1**	**172.8**
Total current assets		**741.6**	**741.5**
TOTAL ASSETS		**1,123.3**	**1,099.7**

Consolidated statement of financial position

(SEK million)

EQUITY AND LIABILITIES	Note	31 Dec 2014	31 Dec 2013
Equity	16		
Share capital		38.6	38.6
Other contributed capital		39.4	39.4
Translation reserves		13.4	-0.2
Retained earnings, including profit for the year		460.5	647.1
Total equity attributable to Parent Company shareholders		**551.9**	**724.8**
Liabilities			
Non-current liabilities			
Interest-bearing liabilities			
Other non-current interest-bearing liabilities	17	31.8	27.8
Provisions for pensions	18	3.3	3.9
Non interest-bearing liabilities			
Other non-current liabilities	19	11.7	-
Deferred tax liabilities	11	70.1	64.3
Total non-current liabilities		**116.8**	**96.0**
Current liabilities			
Interest-bearing liabilities			
Bank loans and overdrafts	17, 20	207.3	77.5
Other current liabilities	17	8.1	6.9
Non interest-bearing liabilities			
Trade payables		116.4	95.1
Tax liabilities		5.4	2.7
Other liabilities		41.6	30.0
Accrued expenses and prepaid income	22	75.8	66.7
Total current liabilities		**454.6**	**278.9**
TOTAL EQUITY AND LIABILITIES		**1,123.3**	**1,099.7**

PLEDGED ASSETS AND CONTINGENT LIABILITIES	Note	31 Dec 2014	31 Dec 2013
Pledged assets for own liabilities and provisions	20		
Property mortgages		18.9	18.4
Business mortgages		53.0	39.1
TOTAL PLEDGED ASSETS		**71.8**	**57.5**
Contingent liabilities			
Other contingent liabilities	21	-	-
TOTAL CONTINGENT LIABILITIES		**-**	**-**

Consolidated statement of changes in equity

(SEK million)

	Share capital	Other contributed capital	Translation reserve	Retained earnings, including profit for the year	Total shareholders' equity
Opening equity 1 Jan 2013	38.6	39.4	-3.9	614.6	688.7
Profit/loss for the year				121.1	121.1
Other comprehensive income for the year			3.7	-2.0	1.7
Transactions with owners:					
Dividends paid				-86.7	-86.7
CLOSING BALANCE 31 DEC 2013 *	**38.6**	**39.4**	**-0.2**	**647.1**	**724.8**
Opening equity 1 Jan 2014	38.6	39.4	-0.2	647.1	724.8
Profit/loss for the year				136.7	136.7
Other comprehensive income for the year			13.6	0.3	13.9
Bonus issue	19.3			-19.3	-
Transactions with owners:					
Dividends paid				-92.4	-92.4
Redemption shares	-19.3			-211.8	-231.1
CLOSING BALANCE 31 DEC 2014 *	**38.6**	**39.4**	**13.4**	**460.5**	**551.9**

** Shareholders' equity attributable to Parent Company shareholders.*

NUMBER OF SHARES	Total	Outstanding
Opening number 1 Jan 2013	23,169,309	23,107,462
CLOSING NUMBER 31 DEC 2013	**23,169,309**	**23,107,462**
Opening number 1 Jan 2014	23,169,309	23,107,462
Share split	23,169,309	23,107,462
Redemption	-23,169,309	-23,107,462
CLOSING NUMBER 31 DEC 2014	**23,169,309**	**23,107,462**

Consolidated statement of cash flows

(SEK million)

	2014	2013
Operating activities		
Profit before tax	175.7	157.0
Adjustments for items not included in the cash flow	40.1	38.7
	215.8	**195.7**
Taxes paid	-34.2	-37.5
Operating cash flows before movements in working capital	**181.6**	**158.2**
Change in inventories	-13.1	-5.0
Change in trade receivables	-24.7	-0.7
Change in other operating receivables	-9.7	0.9
Change in trade payables	12.9	-14.3
Change in other operating liabilities	4.1	-5.3
Operating cash flows	**151.1**	**133.8**
Investing activities		
Acquisition of subsidiaries, net effect on cash and cash equivalents	-36.3	-12.3
Acquisition of intangible fixed assets	-1.2	-5.9
Acquisition of property, plant and equipment	-19.4	-29.1
Sales of property, plant and equipment	14.0	2.9
Investing cash flows	**-42.9**	**-44.4**
Financing activities		
Loans raised	136.7	18.8
Loan amortisation	-15.7	-29.0
Dividends paid	-92.4	-86.7
Redemption paid	-231.1	-
Financing cash flows	**-202.5**	**-96.9**
CASH FLOW FOR THE YEAR	**-94.3**	**-7.3**
Cash equivalents at beginning of year	172.8	180.9
Exchange rate difference cash equivalents	1.5	-0.8
Cash equivalents at end of year	**80.1**	**172.8**

Additional information, refer to Note 26.

Parent Company Income Statements and Statement of Comprehensive Income

(SEK million)

	Note	2014	2013
Operating income			
Net sales		38.6	37.5
Operating costs			
Other external costs	6	-19.4	-21.0
Staff costs	5	-22.4	-21.9
Depreciation/amortisation of property, plant and equipment and intangible fixed assets	7	-6.9	-5.7
Operating profit		**-10.1**	**-11.1**
Income from interests in Group companies	8	13.7	26.2
Other interest income and similar income	9	1.3	2.2
Other interest expense and similar charges	10	-1.9	-1.0
Profit/loss after financial items		**3.0**	**16.3**
Year-end appropriations			
Difference between tax depreciation and depreciation according to plan:			
Expenses brought forward for software	23	-0.2	-2.4
Fixtures, fittings, tools and equipment	23	0.0	0.0
Tax allocation fund, provision	23	-40.0	-32.0
Tax allocation fund, reversal	23	26.1	10.0
Group contributions received		154.0	134.7
Group contributions paid		-10.5	-3.0
Profit before tax		**132.3**	**123.6**
Taxes	11	-26.8	-21.9
PROFIT/LOSS FOR THE YEAR		**105.5**	**101.7**
Other comprehensive income for the year		**-**	**-**
COMPREHENSIVE INCOME FOR THE YEAR		**105.5**	**101.7**

Parent Company balance sheet
(SEK million)

ASSETS	Note	31 Dec 2014	31 Dec 2013
Fixed assets			
Intangible fixed assets			
Expenses brought forward for software	12	20.2	23.3
		20.2	**23.3**
Property, plant and equipment			
Buildings and land	13	15.2	15.7
Fixtures, fittings, tools and equipment	13	4.1	4.4
		19.3	**20.1**
Financial assets			
Interests in Group companies	14	370.8	323.8
		370.8	**323.8**
Total fixed assets		**410.3**	**367.2**
Current assets			
Current receivables			
Current tax assets		-	3.8
Receivables from Group companies		251.0	229.7
Other receivables		0.9	0.7
Prepaid expenses and accrued income	15	4.5	2.6
		256.5	**236.8**
Cash on hand and demand deposits	20	**0.0**	**138.9**
Total current assets		**256.5**	**375.7**
TOTAL ASSETS		**666.8**	**742.9**

Parent Company balance sheet

(SEK million)

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	Note	31 Dec 2014	31 Dec 2013
Equity			
Non-distributable equity	16		
Share capital		38.6	38.6
Reserve fund		32.3	32.3
		70.9	**70.9**
Distributable equity			
Profit brought forward		5.4	227.2
Profit/loss for the year		105.5	101.7
		110.9	**328.9**
Total shareholders' equity		**181.8**	**399.8**
Untaxed reserves			
Accelerated depreciation	23	10.2	10.0
Accruals funds	23	181.2	167.3
Total untaxed reserves		**191.4**	**177.3**
Provisions			
Deferred tax liabilities	11	1.9	1.8
Total provisions		**1.9**	**1.8**
Non-current liabilities			
Non interest-bearing liabilities			
Other liabilities	19	10.1	-
Total non-current liabilities		**10.1**	**-**
Current liabilities			
Interest-bearing liabilities			
Bank loans and overdrafts	20	110.2	-
Non interest-bearing liabilities			
Trade payables		2.5	3.0
Tax liabilities		0.8	-
Liabilities to Group companies		149.3	149.5
Other current liabilities		10.8	3.0
Accrued expenses and prepaid income	22	8.0	8.5
Total current liabilities		**281.7**	**164.0**
TOTAL EQUITY, PROVISIONS AND LIABILITIES		**666.8**	**742.9**
PLEDGED ASSETS AND CONTINGENT LIABILITIES			
Pledged assets for own liabilities and provisions	20		
Property mortgages		7.5	7.5
TOTAL PLEDGED ASSETS		**7.5**	**7.5**
Contingent liabilities			
Security undertakings to support Group companies		220.6	192.2
TOTAL CONTINGENT LIABILITIES		**220.6**	**192.2**

Parent Company statement of changes in equity

(SEK million)

	Non-distributable equity		Distributable equity	Total shareholders' equity
	Share capital	Reserve fund	Profit/loss brought forward including profit/loss for the year	
Opening equity 1 Jan 2013	38.6	32.3	313.8	384.7
Comprehensive income for the year *			101.7	101.7
Dividends paid			-86.7	-86.7
CLOSING EQUITY 31 DEC 2013	**38.6**	**32.3**	**328.9**	**399.8**
Opening equity 1 Jan 2014	38.6	32.3	328.9	399.8
Comprehensive income for the year *			105.5	105.5
Dividends paid			-92.4	-92.4
Redemption shares	-19.3		-211.8	-231.1
Bonus issue	19.3		-19.3	-
CLOSING EQUITY 31 DEC 2014	**38.6**	**32.3**	**110.9**	**181.8**
Proposed dividend, SEK 4.25 per share			98.5	

** Comprehensive income for the year corresponds with the profit/loss for the year.*

NUMBER OF SHARES	Total	Outstanding
Opening number 1 Jan 2013	23,169,309	23,107,462
CLOSING NUMBER 31 DEC 2013	**23,169,309**	**23,107,462**
Opening number 1 Jan 2014	23,169,309	23,107,462
Share split	23,169,309	23,107,462
Redemption	-23,169,309	-23,107,462
CLOSING NUMBER 31 DEC 2014	**23,169,309**	**23,107,462**

Parent Company cash flow statement

(SEK million)

	2014	2013
Operating activities		
Profit/loss after financial items	3.0	16.3
Adjustments for non-cash items	17.1	10.0
	20.1	**26.3**
Taxes paid	-22.1	-26.2
Operating cash flows before movements in working capital	**-2.0**	**0.1**
Cash flow from changes in working capital		
Change in other operating receivables	-4.3	7.3
Change in trade payables	-0.5	1.2
Change in other operating liabilities	-7.8	-9.9
Operating cash flows	**-14.6**	**-1.3**
Investing activities		
Acquisition of subsidiaries, net liquidity impact	-39.7	-10.0
Acquisition of intangible fixed assets	-1.2	-5.9
Acquisition of property, plant and equipment	-1.8	-1.1
Investing cash flows	**-42.7**	**-17.0**
Financing activities		
Group contributions, net	131.7	120.1
Loans raised	110.2	-
Dividends paid	-92.4	-86.7
Redemption paid	-231.1	-
Financing cash flows	**-81.6**	**33.4**
CASH FLOW FOR THE YEAR	**-138.9**	**15.1**
Cash equivalents at beginning of year	138.9	123.8
Cash equivalents at end of year	**0.0**	**138.9**

Additional information, refer to Note 26.

Note 1

Accounting policies

Compliance with standards and legislation
The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and statements concerning interpretation published by the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Union. Furthermore, the Group has applied the Swedish Financial Accounting Standards Council's recommendation RFR 1 (Supplementary Accounting Regulations for Groups).

The accounting policies adopted for the Parent Company are the same as those used for the Group, except in the cases specified below in the section "Accounting Policies of the Parent Company".

Requirements for preparing Parent Company and Group financial statements
The Parent Company's functional currency is the Swedish krona (SEK), which is also the official reporting currency for the Parent Company and the Group. This means that the financial statements are presented in Swedish krona. All amounts are rounded off to the nearest million with one decimal, unless otherwise stated.

Assets and liabilities are reported at historical costs, except derivative instruments which are measured at fair value.

Fixed assets and non-current liabilities consist of amounts that can be expected to be recovered or paid more than twelve months after the balance sheet date. Current assets and current liabilities consist of amounts expected to be recovered or paid within twelve months from the balance sheet date.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates and assumptions are based on historical experience and other factors that are believed to be reasonable and relevant under the circumstances. Estimates and assumptions are reviewed on a regular basis and are compared to actual results. Critical estimates and assumptions are presented in Note 29.

The consolidated accounting policies outlined below have been applied consistently throughout the periods reported in the Group's financial statements, unless otherwise stipulated below. Consolidated accounting policies have also been applied consistently to the accounting and consolidation of the Parent Company and subsidiaries.

Amended accounting policies arising from new or amended International Financial Reporting Standards, effective in 2014
Amendments to IFRS standards that are effective from 1 January 2014 have not had any significant impact on the amounts recognised in the consolidated financial statements.

New IFRS standards and interpretations that have not yet been adopted
A number of new or amended IFRS standards and interpretation statements will come into effect in the coming financial year or later and have not been early adopted for the preparation of this year's financial statements.

IFRS 9 *Financial Instruments* is intended to replace IAS 39 *Financial Instruments: Recognition and Measurement,* effective 1 January 2018. IFRS 9 introduces requirements for classifying and measuring financial assets and financial liabilities, hedge accounting and impairment of financial assets.

IFRS 9 is not expected to have any material impact on the Group's financial statements. IFRS 9 has not yet been endorsed by the EU. Early adoption of IFRS 9 in its current form is therefore not permitted.

IFRS 15 *Revenue from Contracts with Customers,* effective 1 January 2017. Early adoption of the standard is permitted, pending EU endorsement. A study has been launched to assess what impact the new revenue recognition regulations will have on OEM. The preliminary assessment is that IFRS 15 does not have a significant impact on the Group's financial statements, apart from additional disclosures.

Annual Improvements to IFRSs 2010–2012 Cycle include new disclosure requirements for aggregation of operating segments. The amendment to IFRS 8 requires an entity to disclose the judgements made by Group management in applying the aggregation criteria to operating segments for external reporting. The new disclosure requirement shall be effective for annual periods beginning on or after 1 January 2016.

Annual Improvements to IFRSs 2010–2012 Cycle also include new requirements for related party disclosures as defined in IAS 24. The definition regarding related parties has been broadened to include entities that provide, or are part of a Group where another entity provides key management personnel to the reporting entity or to the parent of the reporting entity. The new disclosure requirement shall be effective for annual periods beginning on or after 1 January 2016.

None of the other new or amended IFRS standards or interpretation statements are expected to have any effect on the Group's reporting.

Reporting of operating segments
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and whose operating results are reviewed regularly by the Group's executive team. Note 2 provides a more detailed description of the grouping and presentation of operating segments.

Principles of consolidation for subsidiaries
Subsidiaries are entities in which OEM International AB has the power to exercise control, either directly or indirectly. Control exists when the Parent Company has power over the investee, either directly or indirectly, when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Business combinations are recognised in accordance with the acquisition method. The method means that the acquisition of a subsidiary is regarded as a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities.

As from 2010, goodwill in business combinations is calculated as the sum total of the consideration transferred, any non-controlling interest and the fair value of the previously owned interest (in connection with step acquisitions) minus the fair value of the subsidiary's identifiable assets and assumed liabilities. A negative difference is recognised directly in the profit or loss for the year. Goodwill from acquisitions carried out prior to 2010 is calculated as the sum total of the consideration transferred and the acquisition costs minus the fair value of the acquired identifiable net assets for the respective partial acquisitions, where the cost of goodwill from all historical partial acquisitions is aggregated. Transaction costs in connection with business combinations are expensed from the beginning of 2010, but are included in the acquisition cost goodwill for acquisitions prior to 2010.

Contingent consideration in acquisitions is measured at fair value both at the acquisition date and continuously afterwards; any and all changes in value are recognised in profit or loss.

In the case of acquisitions of subsidiaries from 1 January 2010 onward, in which there are other non-controlling interests, the Group recognises the net assets attributable to these non-controlling interests either at fair value of all net assets excluding goodwill or at fair value of all net assets including goodwill. The principle is chosen individually for each individual acquisition.

Acquisitions in which the interest is raised through several individual acquisitions are reported as step acquisitions. In the case of step acquisitions, which lead to a controlling interest, any previously acquired interests are revalued in accordance with the latest acquisition and the profit or loss is recognised in the income statement.

Once controlling interest has been achieved, any ownership changes are recognised as equity transactions between the shareholders of the Parent Company and non-controlling interests, without any revaluation of the subsidiary's net assets.

The financial statements of the subsidiaries are included in the consolidated financial statements from the effective date of acquisition until the day that control ceases.

Transactions to be eliminated on consolidation

All inter-company receivables and liabilities, income or expenses, and unrealised gains or losses arising from inter-company transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements.

Foreign currency

Transactions in foreign currencies

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the date of the transaction. Functional currency is the currency that applies in the primary economic environments in which the Group companies operate. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate prevailing on balance sheet date. Exchange rate differences resulting from translations are reported in the profit or loss for the year. Non-monetary assets and liabilities reported at their historical acquisition costs are translated at the exchange rate prevailing on the date of the transaction.

Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other residual values in the corporate fair value adjustments, are translated from the foreign entities functional currency to the consolidated reporting currency, Swedish kronor (SEK), at the exchange rate prevailing on the balance sheet date. Income and expense in foreign entities are translated to Swedish kronor (SEK) at an average rate that represents an approximation of the rates that applied when each transaction took place. Exchange differences arising when translating currency of foreign operations are recognised in other comprehensive income and are accumulated in a separate component of shareholders' equity that is referred to as a translation reserve. When a foreign entity is divested, the accumulated translation differences attributable to the entity are realised and reclassified from the translation reserve of the shareholders' equity to the profit or loss for the year.

Income

Sale of goods

Income includes only the gross inflow of economic benefits that the company receives or can receive for its own benefit. Revenue arising from the sale of goods is recognised in the income statement as income when the company has transferred the significant risks and rewards of ownership associated with the goods to the buyer. If there is considerable uncertainty regarding payment, related costs or risk of returns, and if the seller retains involvement in the day-to-day management that is normally associated with the ownership, then revenue is not taken up as income. Income is recognised at the fair value of the consideration received or receivable less any discounts and rebates. Amounts collected for the benefit of another are not included in the company's income but instead constitute received commission.

Sales of services and similar assignments

Revenue arising from the rendering of services is recognised in the income statement for the year in which the service is rendered by reference to the stage of completion on the balance sheet date. The stage of completion is determined on the basis of contract costs incurred in relation to the total estimated contract costs.

Operating costs and finance income and expense

Operating leases

Payments for operating leases are recognised in the profit or loss for the year on a straight-line basis over the term of the lease. Benefits obtained on signing an agreement are recognised on a straight-line basis as part of the overall leasing cost in the profit or loss for the year.

Finance leases

The minimum lease fees are allocated as interest expense and amortisation for the outstanding liability. The interest expense is spread over the term of the lease, so that each accounting period is charged with an amount corresponding to a fixed rate of interest for the liability recognised in the respective period. Variable payments are expensed on the income statement for the year in the periods in which they occur.

Finance income and expense

Finance income and expense include interest income from bank assets, receivables and interest-bearing securities, dividend income, interest expenses related to loans, exchange rate differences attributable to financial investments and financing activities and derivative instruments used in the financial operating activities.

Interest income from receivables and interest expense related to liabilities are calculated using the effective interest method. The effective interest rate is the rate that discounts the present value of all estimated future cash receipts and payments through the expected life of the financial asset to that asset's net carrying amount.

Interest income and interest expense respectively include periodic amounts of transaction costs and discounts where applicable, premiums and other differences between the originally recognised value of the receivable and of the liability respectively and the amount that is settled at maturity and the estimated future receipts and payments through the term of the agreement.

Dividend income is recognised when the right to retain payment has been established.

Exchange gains and exchange losses are recognised net.

Taxes

Income tax consists of current tax and deferred tax. Income tax is reported in the income statement for the year unless the underlying transaction is charged to other comprehensive income or directly to equity, in which case any related tax effect is charged to other comprehensive income or to equity.

Current tax is the tax that is to be paid or received for the current year. This includes adjustments of current tax attributable to prior periods. Current and deferred tax are calculated with application of the tax rates and regulations in effect or in practice at the balance sheet date.

Deferred tax is calculated using the balance sheet method on the basis of temporary differences between the carrying amounts and tax values of assets and liabilities. Temporary differences are not considered in consolidated goodwill.

Measurement of deferred tax is based on how the carrying amount of assets or liabilities is expected to be recovered or settled.

Deferred tax assets, relating to deductible temporary differences and loss carry-forwards, are only recognised to the extent that it is probable that these can be utilised. The value of deferred tax assets is reduced when it is no longer deemed likely that they can be utilised.

Financial instruments

Financial instruments reported in the statement of financial position as assets consist primarily of cash and cash equivalents, loan receivables, trade receivables and derivatives. Trade payables, loan liabilities and derivatives are reported as liabilities.

Recognition in and derecognition from the statement of financial position.

Recognition of a financial asset or financial liability in the statement of financial position is at the point when the entity becomes a party to the contractual provisions of the instrument. A receivable is recognised when the entity has performed and there is a contractual liability for the counterparty to pay, even if an invoice has not been sent. Trade receivables are recognised in the statement of financial position upon issuance of invoice. Liabilities are included when the counterparty has performed and there is a contractual liability to pay, even if the invoice has not been received. Trade payables are recognised on receipt of invoice.

A financial asset is derecognised and removed from the statement of financial position when the contractual rights are realised, expire or when control of the contractual rights is lost. The same applies to part of a financial asset. A financial liability is removed from the statement of financial position when the obligation is discharged or otherwise extinguished. The same applies to part of a financial liability.

A financial asset and a financial liability are offset and reported in the statement of financial position as a net amount only when there is a legal right to set off the amount and an intention to adjust the items with a net amount or, at the same time, realise the asset and settle the liability.

Classification and presentation

Financial instruments are initially reported at cost corresponding to the fair value of the instrument plus transaction costs for all financial instruments, except those instruments classified as financial assets held at fair value through profit and loss, which are recognised at fair value excluding transaction costs. The financial instruments are classified in the initial recognition depending on the purpose for which the instruments were acquired which affects recognition thereafter.

The fair value of listed financial assets corresponds to the asset's listed bid price on the balance sheet date. The fair value of unlisted financial assets is established by applying valuation techniques such as recently completed transactions, references to similar instruments and discounted cash flow.

Trade receivables and other current and non-current receivables classified in the category "loans and receivables"

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are presented at amortised cost. Amortised cost is determined based on the effective interest that was calculated at the time of acquisition. Trade receivables are stated at their realisable values, i.e. less allowances for potential losses on doubtful receivables.

Financial investments and derivatives are categorised as "financial assets valued at fair value through profit or loss for the year".

This measurement category has two subgroups: financial assets held for trading and derivative instruments, and other financial assets that the company has initially chosen to place in this category in those cases where the asset is managed and measured on the basis of fair value in the Group's executive team's risk management and investment strategy, the so-called fair value option. The Group has not used the fair value option during the year or during the comparative year. Financial instruments in this category are measured at fair value as incurred and changes in value are reported in the income statement for the year. Derivatives are also contractual terms that are embedded in other agreements. Embedded derivatives are recognised separately if they are not closely related to the host contract.

Derivative instruments are measured in the initial recognition and regularly thereafter at fair value with value changes recognised as income and expense in the operating income or in net financial items, based on the intended use of the derivative and how this use relates to an operating item or a financial item. Changes in the fair value of other financial assets in this category are recognised in net financial items.

The Group uses foreign exchange forward contracts in order to economically hedge certain exposures to foreign exchange risk associated with purchases in foreign currencies. Changes in the fair value of the foreign exchange forward contracts have been recognised as Other Operating Income or Other Operating Cost, depending on whether the change was positive or negative. The Group did not engage in hedging activities during the year or during the comparative year.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, deposits that are repayable on demand held with banks and similar institutions, plus short-term deposits with an original maturity of three months or less, which are exposed to only an insignificant risk for fluctuations in value.

Interest-bearing liabilities classified in the category "Other liabilities"

Loans are reported continuously at amortised cost, which means that the value is adjusted through discounts, where applicable, or premiums when the loan is taken and costs when borrowing is spread over the expected term of the loan. The scheduling is calculated on the basis of the initial interest rate of the loan. Gains and losses arising when the loan is settled are recognised in the income statement for the year.

Trade payables and other operating liabilities classified in the category "Other liabilities"

Liabilities are recognised at the amortised cost determined from the effective interest that was calculated at the time of acquisition, which normally implies nominal value.

Property, plant and equipment

Owned assets

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in the consolidated financial statements. Cost includes the purchase price, including expenses directly attributable to their acquisition and costs incurred to prepare the assets for their intended purpose. Cost includes directly attributable expenses, such as the cost of delivery and handling, installation, title deeds, consultancy services and legal services. Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets. Accounting policies for impairment are presented below.

The reported value of tangible fixed assets is removed from the statement of financial position on the disposal or retirement of the asset, or when no future economic benefits are expected from its use or disposal/retirement. Gains or losses arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset, less direct selling costs.

The gain or loss is recognised in other operating income/cost.

Leased assets
Leases are classified in the consolidated financial statements as either finance or operating leases.

In a finance lease, the financial risks and benefits associated with the ownership are essentially transferred to the lessee, otherwise it is an operating lease.

Assets leased under a finance lease are recognised as assets in the consolidated statement of financial position. The obligation to pay future lease fees is recognised as non-current and current liabilities. The leased assets are depreciated according to plan, and the lease payments are recognised as interest and amortisation of liabilities.

Subsequent expenditure
Subsequent expenditure is added to the acquisition cost only if it is likely that the future economic benefits associated with the asset will flow to the enterprise and the acquisition cost can be calculated in a reliable manner. All other subsequent expenditure is reported as an expense in the period it is incurred.

A subsequent expenditure is added to the acquisition cost if the expense refers to the exchange of identified components or parts thereof. Even in those cases when a new component has been constructed, the expense is added to the acquisition cost. Any undepreciated values reported for replaced components, or parts of components, are discarded and charged to expenses when the component is replaced. Repairs are expensed as incurred.

Methods of depreciation
Straight-line depreciation is applied over the estimated utilisation period of the assets. Land is not depreciated.

The Group applies component depreciation, meaning that the estimated useful life of components forms the basis for depreciation.

Estimates of useful life:
- buildings, business property, see below
- land improvements 20 years
- machinery and other technical facilities 5–10 years
- fixtures, fittings, tools and equipment 3–10 years

Business property consists of a number of components with different useful lives. The main group is buildings and land. Land is not depreciated as its useful life is considered to be indefinite. The buildings consist of a number of components with different useful lives. The following main groups of components have been identified and form the basis for depreciation of buildings:

Frame	100 years
Frame extensions, interior walls, etc.	30 years
Installations and inner surfaces; heating, electricity, plumbing, ventilation, etc.	20–32 years
External surfaces; walls, roof, etc.	20–50 years

The depreciation methods applied and the residual values of the assets and their useful lives are reviewed at the close of every year.

Intangible fixed assets

Goodwill
Goodwill is carried at cost less any accumulated impairment.

Goodwill is allocated to cash-generating units and is tested for impairment annually.

Other intangible fixed assets
Acquired supplier relationships with an indeterminable useful life are carried at cost less any accumulated impairment. Supplier relationships with an indeterminable useful life are deemed to exist in terms of certain acquisitions of agents or comparable relationships with individual suppliers who have historically exhibited a very long-term agent relationship. Circumstances are reviewed annually to determine if they still indicate that the useful life is indeterminable. Impairment tests are performed annually and when there is any indication of impairment. Other acquired supplier relationships are carried at cost less accumulated amortisation and impairment.

Other intangible assets include software, trademarks and customer relationships. These have a determinable useful life and are recognised at cost less accumulated amortisation and impairment.

Expenditures for internally generated goodwill and internally generated brand names are not capitalised as assets but are expensed in the income statement as incurred.

Subsequent expenditure
Subsequent expenditure on capitalised intangible assets is reported as an asset in the statement of financial position only when it increases the future economic benefits of the specific asset to which it relates. All other expenditure is expensed when incurred.

Methods of amortisation
Amortisation is recognised in the income statement on a straight-line basis over the estimated life of the intangible asset, provided it has a definite useful life. Goodwill has an indefinite useful life and is tested for impairment each year or whenever there is an indication that the tangible asset may be impaired. The useful life of the assets are reviewed annually at least, refer also to Note 12.

Estimates of useful life:
- IT software 3 to 8 years
- trademarks 5 to 10 years
- customer relationships 5 years
- supplier relationships 5 years (unless indefinite)

Borrowing costs
Borrowing costs, which are attributable to the construction of the so-called qualifying assets, are capitalised as a portion of the qualifying asset's cost. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Firstly, borrowing costs arising on loans, which are specific to the qualifying asset are capitalised. Secondly, borrowing costs arising on general loans, which are not specific to any other qualifying asset are capitalised. For the Group, the capitalisation of borrowing costs is mainly relevant in the construction of storage and production facilities using its own direct labour.

Inventories
Inventories are stated at the lower of cost and net realisable value. The cost of inventories is calculated by applying the first-in, first-out method (FIFO) and includes expenditure arising on acquisition of the inventory assets and transportation thereof to their current location and state.

Net realisable value is based on the estimated selling price in the operating activities less further costs expected to be incurred to completion and for realising a sale.

Impairments
The recognised values of the Group's assets are tested on each balance sheet date for any indication of impairment. The section below explains the impairment test for property, plant and equipment and intangible assets, investments in subsidiaries and for financial assets. Assets for sale and disposal groups, inventories and deferred tax assets are exempt. The recognised value of the exempt assets is assessed in accordance with the respective accounting standards.

Impairment tests for property, plant and equipment and intangible fixed assets and interests in subsidiary undertakings
If there is any indication of impairment, then the asset's recoverable amount is calculated, see below). The recoverable amount is also calculated annually for goodwill and other intangible assets with indefinite useful lives. If essentially independent cash flow cannot be isolated for individual assets, then the assets are grouped at the lowest levels where essentially independent cash flows can be identified – a so-called cash-generating unit.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit, or pool of units, exceeds its recoverable amount. An impairment loss is recognised as an expense in the income statement for the year. Impairment losses attributable to a cash-generating unit, or pool of units, are mainly allocated to goodwill. They are thereafter divided proportionately among other assets in the unit (pool of units).

The recoverable amount is the highest of the fair value minus selling costs and value in use. Value in use is measured by discounting future cash flows using a discounting factor that takes into account the risk-free rate of interest and the risk associated with the specific asset.

Impairment test for financial assets
All financial assets except those categorised as financial assets valued at fair value through the income statement for the year are tested for impairment. For each statement period, the company assesses if there is objective proof that indicates impairment of a financial asset or group of financial assets. A financial asset has impairment only if objective proof indicates that one or more events have occurred that have an effect on the financial asset's future cash flows, if these can be reliably calculated.

The recoverable amount for assets categorised as loans and receivables carried at amortised cost are calculated as the present value of the future cash flows discounted by the effective interest that applied on initial recognition. Assets with a short term are not discounted. An impairment is recognised as an expense in the income statement for the year.

Reversal of impairment losses
Impairment losses on assets included in the scope of IAS 36 are reversed if there is (1) an indication that impairment has ceased and (2) a change in the assumptions that formed the basis of calculating the recoverable amount. Impairment losses on goodwill are never reversed. A reversal only occurs to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been recognised (less depreciation or amortisation, where applicable), had no impairment loss been recognised.

Impairment losses on loans and accounts receivables carried at amortised cost are reversed if a subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Capital payments to shareholders

Repurchase of own shares
Purchase of such instruments is recognised as a deductible item from equity. Payment from sales of equity instruments is recognised as an increase in equity. Any transaction costs are recognised directly in equity.

Dividends paid
Dividends are recognised as a liability after the Annual General Meeting has approved the dividend

Earnings per share
Earnings per share are calculated by dividing the Group's profit for the year attributable to the Parent Company's shareholders by the weighted average number of shares outstanding during the year.

Employee benefits

Defined-contribution pension schemes
Defined-contribution pension schemes are classified as those schemes for which the company's obligation extends only to the contributions the company has committed to pay. In such cases, the size of the employee's pension is determined by the contributions the company pays to the plan or to an insurance company and the return on capital yielded by the contributions. Consequently, it is the employee that carries the actuarial risk (that compensation is lower than expected) and the investment risk (that the invested assets will be insufficient to cover the expected compensation). The entity's obligations concerning contributions to defined-contribution schemes are recognised as an expense in profit or loss for the year at the rate they are earned through services performed by the employees for the entity.

Defined-benefit pension schemes
The Group's obligation regarding defined-benefit pension schemes is calculated separately for each scheme by estimating the future compensation that the employees have earned through their employment; this compensation is discounted to present value. The discount rate is the interest rate on balance sheet date for a first-class corporate bond with a maturity corresponding to the Group's pension obligations. When there is no functioning market for such corporate bonds, the market interest rate on mortgage bonds with a similar maturity is used instead. The pension obligation is recognised net, less the fair value of the plan assets.

Pension rights earned are recognised in the operating profit, with the exception of the impacts of revaluation and interest rate as per below.

The interest expense/income net on the defined-benefit obligation/asset is recognised in the income statement under net financial items. The net interest income is based on the interest rate in effect at the time of discounting the net obligation, i.e. interest on the obligation, plan assets and interest on the effect of any asset ceiling. Other components are recognised in operating profit.

Effects of revaluation comprise actuarial gains and losses and the difference between actual return on plan assets and the interest rate included in the net interest income. The effects of revaluation are recognised in other comprehensive income.

Termination benefits
Termination payments shall only be recognised as an expense when the company is demonstrably committed to terminate the employment of an employee before the normal retirement date. A company is demonstrably committed to a termination only when it has a detailed formal plan for the termination and is without realistic possibility of withdrawal from the plan. When a termination benefit is offered to encourage voluntary redundancy, a cost is recognised if it is probable that the offer will be accepted and the number of employees who accept the offer can be reliably estimated.

Short-term benefits to employees
Short-term benefits to employees are calculated without discounting and recognised as costs when the related services are received. A provision is recognised for the expected cost of bonuses when the Group has a contractual obligation or informal obligation to make such payments when the services received from the employee and the obligation can be reliably calculated.

Provisions
Provisions are different from other liabilities because the time of payment and the amount of the payment are uncertain. A provision is reported in the statement of financial position when the Group has a legal or informal obligation owing to a past event and it is likely that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are measured at the best estimate of the amount required to settle the obligation at the reporting date. If the effect is material, provisions are determined by discounting the expected future cash flows.

A provision for losses is reported when the underlying products or services are sold. The provision is based on historic data on losses and a total appraisal of feasible outcomes in relation to the probabilities associated with the outcome.

Contingent liabilities
A contingent liability is reported when there is a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or when there is an obligation that is not recognised as a liability or provision because it is not possible that an outflow of resources will be required or cannot be measured reliably.

Parent Company accounting policies
The Parent Company has prepared its Annual Report according to the Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Council's recommendation RFR 2, Accounting for Legal Entities. In addition, the Swedish Financial Accounting Council's pronouncements for listed companies are applied. RR 2 means that the Parent Company in the annual accounts for the legal entity must apply all IFRS and interpretations adopted by the EU as far as this is possible within the framework of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act and taking into account the relationship between accounting and taxation. The recommendation specifies exemptions and additions relative to IFRS.

Differences between the Group's and Parent Company's accounting policies
Differences between the Group and Parent Company's accounting policies are described below. The accounting policies for the Parent Company as described below have been applied consistently to all periods presented in the Parent Company's financial statements.

Classification and presentation
An income statement and a statement of comprehensive income are presented for the Parent Company. Where the Group uses the terms statement of financial position and statement of cash flows, the Parent uses balance sheet and cash flow statement. The income statement and balance sheet for the Parent Company are prepared in accordance with the schedule of the Swedish Annual Accounts Act, whereas the statement of comprehensive income, statement of changes in equity and cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The Parent's income statement and balance sheet differ to the Group's mainly with regard to reporting of finance income and expense, non-current assets, equity, untaxed reserves and the occurrence of provisions as a separate heading in the balance sheet.

Subsidiaries
Interests in subsidiary undertakings are recognised in the Parent Company using the cost method. This means that transaction costs are included in the carrying amount for interests in subsidiary undertakings. In the consolidated financial statements, transaction costs are recognised directly in profit for the year as they are incurred. Contingent consideration is measured using probabilities of payment. Any changes to the provision are added to or deducted from the cost.

Financial assets and liabilities
In the Parent Company, non-current financial assets are stated at their cost of acquisition, wherever applicable, less any impairment losses. Current financial assets are stated at the lower of acquisition cost and net realisable value. Financial liabilities are stated at amortised cost on the same basis as in the consolidated financial statements.

Financial guarantee contracts
The Parent Company's financial guarantee contracts consist of guarantee commitments to support subsidiaries. The Parent Company recognises financial guarantee contracts as provision in the balance sheet when the company has an obligation for which payment will probably be required to settle the obligation.

Anticipated dividends
Anticipated dividends from subsidiaries are reported when the Parent Company has sole right to determine the size of the dividend and the Parent Company has decided on the size of the dividend before the Parent Company has published its financial statements.

Property, plant and equipment
Owned assets
Property, plant and equipment in the Parent Company is stated at cost less accumulated depreciation and any impairment, on the same basis as for the Group, but with additions for any increases arising on revaluation.

Leased assets
The Parent Company recognises all leases in accordance with the regulations for operating leases.

Borrowing costs
Borrowing costs in the Parent Company are charged to the income statement in the period in which they arise. No borrowing costs are capitalised on assets.

Taxes
The Parent Company reports untaxed reserves including deferred tax liability. In the consolidated financial statements, however, untaxed reserves are divided between deferred tax liability and shareholders' equity.

Shareholders' contributions
Shareholders' contributions are charged directly to equity for the receiver and are capitalised in shares and contributor participations, to the extent that impairment is not required.

Group contributions
The Parent Company uses the alternative method to report Group contributions. This means that both issued and received Group contributions are recognised as a year-end appropriation.

Note 2

Operating segments

The Group's operations are divided into operating segments based on the business areas for which the company's chief operating decision maker, the Group's executive team, monitors the profit, returns and cash flows from the Group's various segments. The operating segments, in the form of a market region, have four managers in Sweden, one manager in Finland, the Baltic states and China, and three managers in the Denmark, Norway, UK and Central Eastern Europe region. They are responsible for the day-to-day operations and provide the Group management with regular reports on the performance of the segment and resource requirements. The Group's internal reporting system is designed to allow the Group management to monitor the performance and results of each of the market regions. The Group's segments have been identified using data from this internal reporting system, and the different areas have been assessed in order to merge segments that are similar. This means that segments have been aggregated if they share similar economic characteristics, such as long-term gross margins and have similar product areas, customer categories and methods of distribution.

In the segments' profit, assets and liabilities are included directly attributable items and items that can be distributed to the segment in a reasonable and reliable manner. Non-distributed items consist of interest and dividend income, gains from the sale of financial investments, interest expenses, losses from the sale of financial investments, tax expenses and general administration expenses. Assets and liabilities not distributed to the segments are deferred tax assets, deferred tax liabilities, interest-bearing assets and liabilities. The segment's investments in property, plant and equipment and intangible fixed assets include all investments except for investments in expendable equipment and minor value assets. Internal prices between the Group's different segments are set using the "arm's-length principle", i.e. between parties who are independent of each other, well informed and with an interest in completing the transactions.

Basically all income comes from product sales, consisting of industrial automation components in the product areas of electrical components, flow components and installation, and components for electronics and electromechanics in the product areas of bearings, seals and appliance components. Customers include machinery and appliance manufacturing industries, wholesalers, electrical contractors, catalogue distributors, strategic end users and electronics manufacturers and strategic contract manufacturers in northern Europe.

Other Group-wide operations include the Parent Company, owning the shares in underlying companies, and property companies owning business properties in the locations where the Group conducts its business activities. The Parent Company is to be an active owner and develop the subsidiaries. In addition to clear management-by-objectives, this means contributing expertise and resources in the fields of IT, financial control, HR administration, market communication, quality and environmental control, and warehouse management.

All Parent Company sales relate to services sold to the subsidiaries.

YEAR 2014

	Sweden	Finland, Baltic states and China	Denmark, Norway, the United Kingdom and Central Eastern Europe	Group-wide operations	Eliminations	Total consolidated
Income						
External sales	**1,192.7**	**283.6**	**411.2**			**1,887.5**
Internal sales	83.9	3.0	0.8	54.8	-142.5	–
Total income	1,276.6	286.6	412.0	54.8	-142.5	1,887.5
Profit/loss						
Operating profit	**143.4**	**18.2**	**26.7**	**-0.2**	**-9.5**	**178.5**
Financial items				-2.9		-2.8
Tax expenses						-39.0
PROFIT/LOSS FOR THE YEAR	**143.4**	**18.2**	**26.7**	**-3.1**	**-9.5**	**136.7**
EBITA	**154.6**	**19.6**	**31.9**	**-0.2**	**-9.5**	**196.4**
EBITA margin, %	**12.9**	**6.9**	**7.8**	**-**	**-**	**10.4**
Other disclosures						
Assets	546.5	121.5	197.7	169.5		1,035.3
Liabilities	292.8	37.9	59.3	-144.4		245.5
Investments in intangible fixed assets	0.1	-	-	1.2		1.2
Investments in property, plant and equipment	2.0	1.5	2.0	13.9		19.4
Amortisation of intangible fixed assets	0.1	-	-	4.3		4.3
Depreciation of property, plant and equipment	4.1	1.5	2.4	13.0		21.0

Cont. Note 2

YEAR 2013

	Sweden	Finland, Baltic states and China	Denmark, Norway, the United Kingdom and Central Eastern Europe	Group-wide operations	Eliminations	Total consolidated
Income						
External sales	**1,071.9**	**247.6**	**348.9**	**–**	**–**	**1,668.4**
Internal sales	82.0	3.3	0.7	53.1	-139.1	–
Total income	1,153.9	250.9	349.6	53.1	-139.1	1,668.4
Profit/loss						
Operating profit	**136.8**	**15.4**	**22.7**	**-1.0**	**-15.0**	**158.9**
Financial items				-1.9		-1.9
Tax expenses						-35.9
PROFIT/LOSS FOR THE YEAR	**136.8**	**15.4**	**22.7**	**-2.9**	**-15.0**	**121.1**
EBITA	**145.2**	**17.9**	**27.0**	**-1.0**	**-15.0**	**174.1**
EBITA margin, %	**13.5**	**7.2**	**7.7**	**-**	**-**	**10.5**
Other disclosures						
Assets	480.7	93.4	165.3	174.5		913.9
Liabilities	260.9	29.3	50.3	-148.8		191.7
Investments in intangible fixed assets	-	-	-	5.9		5.9
Investments in property, plant and equipment	1.7	2.4	6.7	18.3		29.1
Amortisation of intangible fixed assets	5.4	2.5	4.2	6.6		18.7
Depreciation of property, plant and equipment	4.2	1.4	1.9	12.8		20.3

GEOGRAPHIC AREAS

	External sales *		Assets **		Investments	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Sweden	1,189.5	1,070.7	250.7	235.4	17.1	24.2
Denmark	112.4	92.0	42.8	29.3	-	0.1
United Kingdom	113.8	98.7	35.2	36.5	0.5	4.8
Finland	247.2	214.8	46.5	42.4	1.4	3.5
The Netherlands	3.2	1.2	0.5	0.7	0.1	0.1
Norway	50.8	51.3	0.1	0.1	0.0	0.1
Poland	85.0	65.5	2.1	2.1	0.5	1.6
Estonia	19.5	17.8	0.3	0.4	-	0.3
Latvia	0.2	0.3	-	-	-	-
Lithuania	3.6	2.0	0.0	0.1	-	0.1
Czech Republic	36.5	31.2	1.0	8.6	0.9	-
Slovakia	8.9	6.8	0.1	0.0	-	-
Hungary	3.9	3.4	0.1	0.1	0.0	0.0
China	13.1	12.7	0.1	0.2	0.0	0.1
TOTAL	**1,887.5**	**1,668.4**	**379.3**	**355.9**	**20.6**	**35.0**

** External sales are broken down by location of sales point.*
*** Relates to intangible fixed assets and property, plant and equipment*

Note 3

Other operating income

	The Group		Parent Company	
	2014	2013	2014	2013
Business property sales	1.2	-	-	-
Remeasurement of contingent consideration	-	3.1	-	-
TOTAL	**1.2**	**3.1**	**-**	**-**

Note 4

Business combinations

2014

On 15 January, the majority of the operations of the Finnish company Mytrade, was acquired. Mytrade's core business is the marketing of visions systems. The business, which generated sales of SEK 9 million in 2013, has been integrated into the operations of OEM Automatic Finland and became part of the Finland, Baltic states and China region on 1 January 2014. The consideration for the business acquired was SEK 1.3 million, plus a contingent consideration estimated at SEK 1.5 million, based on how the business develops in 2014 and 2015. The impact of acquisition transactions on consolidated sales in 2014 was approximately SEK 5.9 million and on profit before tax approximately SEK 0.4 million.

All the shares in Nexa Trading AB were acquired on 27 January 2014. The company markets products for wireless control of lighting and other devices, and safety products for the home. It generated sales of SEK 52 million in 2013. The company became part of Region Sweden on 1 January 2014. The consideration for the business acquired was SEK 25 million, plus a contingent consideration estimated at SEK 9 million, based on how the business develops from 2014 to 2016. The impact of acquisition transactions on consolidated sales in 2014 was approximately SEK 58 million and on profit before tax approximately SEK 5 million.

All the shares in the Danish company Scanding AS were acquired on 3 July 2014. The company markets flow components primarily for the processing industry in Denmark and generated sales of approximately DKK 25 million in 2013. The company became part of Region Denmark, Norway, UK and Central Eastern Europe on 1 September 2014. The consideration for the business acquired was SEK 5.2 million, plus a contingent consideration estimated at SEK 7.2 million, based on how the business develops from 1 September 2014 to 31 August 2016. The impact of acquisition transactions on consolidated sales in 2014 was approximately SEK 10 million and on profit before tax approximately SEK 0.5 million. If the acquired business had been consolidated from the start of 2014, the effect on sales and profit before tax would have been approximately SEK 30 million and SEK 1.4 million respectively.

All the shares in Kübler Svenska AB were acquired on 27 November 2014. The company markets components for the control of fluid levels or flows in machinery and processes and generates annual sales of approximately SEK 13 million. The company became part of Region Sweden on 1 December 2014. The consideration for the business acquired was SEK 7.1 million, plus a contingent consideration estimated at SEK 1.9 million, based on how the business develops from 1 December 2014 to 30 November 2015. The impact of acquisition transactions on consolidated sales in 2014 was approximately SEK 1.1 million and on profit before tax approximately SEK 0.2 million. If the acquired business had been consolidated from the start of 2014, the effect on sales and profit before tax would have been approximately SEK 12 million and SEK 2.2 million respectively.

2013

No acquisitions were made in 2013.

EFFECTS OF ACQUISITION	2014	2013
The net assets of the acquired companies on acquisition:		
Intangible assets	27.8	-
Other fixed assets	0.3	-
Inventories	13.4	-
Trade and other receivables	23.1	-
Cash and cash equivalents	3.1	-
Interest-bearing liabilities	-7.4	-
Trade payables and other operating liabilities	-14.1	-
Deferred tax liability	-7.5	-
Net identifiable assets and liabilities	**38.7**	**–**
Consolidated goodwill	19.5	-
CONSIDERATION TRANSFERRED	**58.2**	**–**

Goodwill
Goodwill is attributable to the benefits of co-ordination with existing units within the Group OEM Automatic and good profitability.
The value of the goodwill is not tax deductible.

Acquisition-related expenses
Acquisition-related expenses amount to SEK 0.2 million (-) and relate to consultancy fees for due diligence.
These expenses have been recognised as other operating expenses in the Statement of Income.

	2014	2013
Remuneration		
Service fees paid	37.9	-
Due in accordance with agreement	0.7	-
Contingent consideration due	19.6	-
TOTAL CONSIDERATION TRANSFERRED	**58.2**	**–**

Contingent consideration
It is stated in the acquisition agreements that a contingent consideration will be payable to the vendors based on the development of the contribution margin or performance.
Contingent consideration is capped at SEK 26.9 million (-) and is estimated at SEK 19.6 million (-) in the acquisition cost analysis.
The contingent considerations have been calculated using weighted probability techniques.

Remeasurement of contingent consideration
Developments in previously implemented acquisitions have not resulted in a remeasurement of contingent consideration.
This had an impact of SEK - million (3.1) on profit for the year.

Further information about intangible assets is presented in Note 12.

ACQUISITIONS AFTER THE CLOSE OF THE REPORTING PERIOD

On 26 January 2015, all shares in AB Ernst Hj Rydahl Bromsbandfabrik, known as Rydahls, were acquired. The company has its head office in Karlstad and sales offices in five other locations in Sweden and is one of Scandinavia's leading suppliers of brake and friction components. It reports annual sales of approximately SEK 120 million and has 45 employees.

PRELIMINARY ACQUISITION ANALYSIS **The acquired company's net assets at the time of acquisition**	**Company carrying amount**	**Fair value adjustment**	**Group fair value**
Intangible fixed assets	-	6.3	6.3
Other fixed assets	0.8	-	0.8
Inventories	28.3	-	28.3
Other current assets	16.1	-	16.1
Cash and cash equivalents	3.4	-	3.4
Deferred tax liability	-0.7	-1.4	-2.0
Other liabilities	-29.0	-	-29.0
Net identifiable assets/liabilities	**19.1**	**4.9**	**24.0**
Consolidated goodwill		6.0	6.0
Cash consideration			**30.0**

As a result of the acquisition, other intangible assets will increase by SEK 6.3 million.
The amount relates to customer relationships that will be amortised over a five-year period.

Goodwill is attributable to synergies with current operations within the Group and good profitability.
The value of the goodwill is not tax deductible.

OEM normally uses an acquisition structure with a base consideration and contingent consideration.
Contingent consideration is initially valued at the present value of the probable earnings, which amounts to SEK 8.5 million for acquisitions after the balance sheet date.
The period for contingent consideration is two years and the earnings may amount to a maximum of SEK 10.0 million.

Note 5

Employees and staff costs

AVERAGE NUMBER OF EMPLOYEES	2014	Of which men	2013	Of which men
Parent Company				
Sweden	18	83 %	17	82 %
Subsidiaries				
Sweden	356	78 %	351	78 %
Denmark	33	76 %	28	79 %
United Kingdom	41	83 %	37	84 %
Estonia	2	100 %	3	100 %
Finland	91	87 %	82	80 %
The Netherlands	2	50 %	2	50 %
China	22	73 %	21	100 %
Lithuania	-	-	1	100 %
Norway	17	82 %	16	81 %
Poland	38	82 %	36	81 %
Slovakia	6	100 %	4	100 %
Czech Republic	23	74 %	26	73 %
Hungary	5	80 %	7	86 %
Total in subsidiaries	**636**	**80 %**	**614**	**79 %**
GROUP TOTAL	**654**	**80 %**	**631**	**79 %**

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES	2014		2013	
	Salaries and remuneration	Social security expenses	Salaries and remuneration	Social security expenses
Parent Company	14.1	7.5	13.6	7.2
(of which pension expenses)		(2.4)		(2.4)
Subsidiaries	226.9	79.7	205.5	73.8
(of which pension expenses)		(18.3)		(16.7)
GROUP TOTAL	**241.0**	**87.2**	**219.1**	**81.0**
(of which pension expenses)		(20.7)		(19.1)

SALARIES AND OTHER REMUNERATION ACROSS THE PARENT COMPANY AND SUBSIDIARIES AND BETWEEN SENIOR EXECUTIVES AND OTHER EMPLOYEES	2014		2013	
	Senior executives including the Board	Other employees	Senior executives including the Board	Other employees
Parent Company				
Sweden, of which senior executives 10 people (10)	8.3	5.8	7.9	5.6
(of which bonus)	(1.4)		(1.2)	
Subsidiaries total, of which senior executives 22 people (21)	16.3	210.6	15.4	190.2
(of which bonus)	(1.2)		(0.7)	
GROUP TOTAL, OF WHICH SENIOR EXECUTIVES 31 PEOPLE (31)	**24.6**	**216.4**	**23.3**	**195.8**
(of which bonus)	(2.6)		(1.9)	

Pension premiums to the amount of SEK 4.2 million (3.7) have been paid for the category senior executives.

REMUNERATION OF GROUP MANAGEMENT AND BOARD MEMBERS

	2014					2013				
	Base salary, Board remu-nera-tion	Variable remu-nera-tion	Other benefits	Pension expenses	Total	Base salary, Board remu-nera-tion	Variable remu-nera-tion	Other benefits	Pension expenses	Total
Lars-ÅkeRydh,ChairmanoftheBoard	0.3	-	-	-	0.3	0.3	-	-	-	0.3
Ulf Barkman, Board Member	0.2	-	-	-	0.2	0.2	-	-	-	0.2
Hans Franzén, Board Member	0.2	-	-	-	0.2	0.2	-	-	-	0.2
Jerker Löfgren, Board Member	0.2	-	-	-	0.2	0.2	-	-	-	0.2
Petter Stillström, Board Member	0.2	-	-	-	0.2	0.2	-	-	-	0.2
Agne Svenberg, Board Member	0.2	-	-	-	0.2	0.2	-	-	-	0.2
Jörgen Zahlin, Managing Director	2.9	1.1	-	0.8	4.8	2.8	0.8	-	0.8	4.4
	4.1	1.1	-	0.8	6.0	4.0	0.8	-	0.8	5.6
Other senior executives 7 persons (6) *	7.3	1.0	0.1	1.8	10.2	6.9	0.7	0.1	1.8	9.6
TOTAL	**11.4**	**2.0**	**0.1**	**2.7**	**16.2**	**10.9**	**1.6**	**0.1**	**2.6**	**15.2**

** Of the other senior executives, four (four) people receive remuneration from subsidiaries. This remuneration is included at an amount of SEK 5.1 million (4.6). Pension expenses correspond to SEK 1.1 million (1.0).*

CEO/Managing Director
Pension expenses are defined contribution. There are no other pension obligations. As in previous years, variable remuneration is based on the performance levels attained. SEK 1.1 million was paid in variable remuneration in 2014, corresponding to 40 % of base salary. Variable remuneration payment totalled SEK 0.8 million in 2013. Bonus could be paid at a maximum of 58 % of base salary. The period of notice for the Managing Director is 24 months from the company's side, with the obligation to work, and 6 months from the Managing Director's side. Retirement age for the Managing Director is 60 years. The CEO/ Managing Director's salary and remuneration is set by the Board.

Other senior executives
Pension expenses are defined contribution. There are no other pension obligations. Variable remuneration payment totalled SEK 1.0 million in 2014. Variable remuneration payment totalled SEK 0.7 million in 2013. Based on the attained profit level, variable remuneration can be paid at a maximum of 40 % of base salary. The period of notice for other members of Group management is maximum 12 months, upon termination by the company, with the obligation to work, and maximum 6 months upon termination by the employee. If the company serves notice after the age of 55 years, the period of notice is increased by an additional six monthly salaries. There is an exception in an agreement signed in 2001, whereby severance pay, amounting to a further six (6) monthly salaries, may be made upon termination by the company when the employee reaches the age of 55. Retirement age for the other members of Group management is between 60 and 65 years.

Guidelines for remuneration and other terms of appointment of senior executives
Guidelines approved by the Annual General Meeting for senior executives state that Group management shall have market-competitive salaries and other remuneration terms. In addition to base salary, management may also receive variable remuneration, which is capped at 58 % of base salary. Senior executives shall have premium-based pension schemes, capped at 30 % of fixed remuneration. The maximum term of notice is 24 months and shall also include the obligation to work during the term of notice. Employment agreements shall not contain provisions for severance pay. There is an exception in an agreement signed in 2001, whereby severance pay, amounting to a further six (6) monthly salaries, may be made upon termination by the company when the employee reaches the age of 55.

GENDER DISTRIBUTION	Group (percentage of women)		Parent (percentage of women)	
	2014	2013	2014	2013
Board of Directors	0 %	0 %	0 %	0 %
Other senior executives	0 %	0 %	0 %	0 %

Note 6

Fees and reimbursement of expenses to the auditors

	The Group		Parent Company	
	2014	**2013**	**2014**	**2013**
KPMG				
Audit assignments	1.6	1.7	0.5	0.5
Audit activities other than the audit assignment	0.1	0.1	-	-
Other assignments	0.2	0.2	0.1	0.2
	2.0	2.0	0.6	0.7
Other auditors				
Audit assignments	0.2	0.1	-	-
Tax counselling	0.1	0.2	-	-
Other assignments	0.2	0.2	-	-
	0.5	0.5	-	-
TOTAL	**2.4**	**2.5**	**0.6**	**0.7**

Audit assignments refer to the auditing of the Annual Report, the consolidated financial statements, the accounting records and the administration by the Board of Directors and the Managing Director, other tasks that are the duty of the company's auditors, as well as advice and other assistance resulting from observations made during such audits or the performance of such other duties. Tax counselling refers to all consultations in the area of tax. "Other assignments" refers to advice on accounting matters and advice on processes and internal control.

Note 7

Depreciation/amortisation of property, plant and equipment and intangible fixed assets

	The Group		Parent Company	
	2014	**2013**	**2014**	**2013**
Customer relationships	-11.4	-7.4	-	-
Patents	-0.1	-	-	-
Trademarks	-3.3	-3.3	-	-
Supplier relationships	-3.1	-4.4	-	-
Expenses brought forward for software	-4.3	-3.6	-4.3	-3.6
Buildings and land	-4.9	-5.0	-0.5	-0.6
Fixtures, fittings, tools and equipment	-16.1	-15.3	-2.0	-1.5
TOTAL	**-43.2**	**-39.0**	**-6.9**	**-5.7**

Note 8

Income from interests in Group companies

	Parent Company	
	2014	2013
Dividends received	23.6	30.4
Impairment of interests in Group companies	-10.0	-4.2
TOTAL	**13.7**	**26.2**

Note 9

Finance income/other interest income and similar income

	The Group		Parent Company	
	2014	2013	2014	2013
Interest on bank deposits	0.9	1.3	1.3	2.2
Other finance income	0.2	-	-	-
TOTAL	**1.1**	**1.3**	**1.3**	**2.2**

Note 10

Finance expense/interest expense and similar charges

	The Group		Parent Company	
	2014	2013	2014	2013
Interest expenses on other liabilities	-3.9	-2.9	-1.2	-0.7
Other finance expense	-	-0.3	-0.7	-0.3
TOTAL	**-3.9**	**-3.2**	**-1.9**	**-1.0**

Note 11

Taxes

RECOGNISED IN STATEMENT OF INCOME/INCOME STATEMENT	The Group		Parent Company	
	2014	**2013**	**2014**	**2013**
Current tax	-41.7	-33.9	-26.7	-21.8
Deferred tax	2.7	-2.0	-0.1	-0.1
TOTAL RECOGNISED TAX EXPENSE	**-39.0**	**-35.9**	**-26.8**	**-21.9**
LINK BETWEEN TAX EXPENSES FOR THE YEARS AND PROFIT BEFORE TAX				
Reported profit before tax	175.7	157.0	132.3	123.6
Estimated tax on reported profit before tax as per applicable tax rate for income tax in each country	-37.9	-36.0	-29.1	-27.2
Non-taxable share dividends	-	-	5.2	6.7
Non-taxable income	1.4	1.8	-	-
Non-deductible items	-2.8	-1.7	-2.8	-1.4
Impact of changed tax rate	0.3	0.0	-	-
TOTAL RECOGNISED TAX EXPENSE	**-39.0**	**-35.9**	**-26.7**	**-21.9**
Deferred tax assets				
Deficit deductions	-	-	-	-
Other information	2.0	2.0	-	-
TOTAL DEFERRED TAX ASSETS	**2.0**	**2.0**	**0.0**	**0.0**
Deferred tax liability				
Intangible fixed assets	13.1	10.4	-	-
Buildings and land	6.9	7.5	1.9	1.8
Untaxed reserves	49.1	45.6	-	-
Other information	1.0	0.8	-	-
TOTAL DEFERRED TAX LIABILITY	**70.1**	**64.3**	**1.9**	**1.8**

The Group holds SEK 1.6 million (1.6) in non-capitalised deferred tax assets equivalent to loss carryforwards which, when measured using the probability-weighted average amounts of possible outcomes, cannot be considered available for use because the surplus cannot be offset against these within a reasonable future period.
The acquisition of subsidiaries affected the deferred tax liability by SEK 6.1 million (-).

Note 12

Intangible fixed assets

THE GROUP	2014						
	Goodwill	Trade-marks	Customer relation-ships	Supplier relation-ships	Patents	Software	Total
Accumulated cost of acquisition							
At beginning of year	73.2	42.1	48.2	33.2	-	29.8	226.5
New acquisitions	-	-	-	-	0.1	1.2	1.3
Purchase acquisitions	19.5	-	17.7	10.0	0.2	-	47.5
Sales and disposals	-	-	-	-	-	-	-
Exchange rate differences for the year	1.4	0.6	3.8	0.9	-	-	6.8
Total cost of acquisition	**94.1**	**42.7**	**69.8**	**44.2**	**0.3**	**31.0**	**282.0**
Accumulated amortisation/depreciation							
At beginning of year	-	-26.0	-25.3	-17.2	-	-6.5	-75.1
Amortisation	-	-3.3	-11.4	-3.1	-0.1	-4.3	-22.2
Acquired accumulated amortisation	-	-	-	-	-0.1	-	-0.1
Sales and disposals	-	-	-	-	-	-	-
Exchange rate differences for the year	-	-0.6	-2.1	-0.8	-	-	-3.4
Total amortisation	**-**	**-29.9**	**-38.8**	**-21.1**	**-0.1**	**-10.8**	**-100.7**
Accumulated impairments							
At beginning of year	-6.2	-	-	-	-	-	-6.2
Impairments	-	-	-	-	-	-	-
Total impairments	**-6.2**	**-**	**-**	**-**	**-**	**-**	**-6.2**
CARRYING AMOUNT AT END OF YEAR	**87.9**	**12.9**	**30.9**	**23.1**	**0.2**	**20.2**	**175.1**

Total carrying amount relating to trademarks, customer relationships, supplier relationships, patents and software was SEK 87.2 million (78.3) at end of year.

2014

The acquisition of Mytrade increased the value of customer relationships by SEK 3.6 million. The estimated useful life of the customer relationships is five years. The acquisition of Nexa Trading AB increased the value of customer relationships by SEK 14.1 million, goodwill by SEK 12.0 million and patents by SEK 0.2 million. The estimated useful life of the customer relationships is five years. The acquisition of Scanding AS increased the value of supplier relationships by SEK 7.1 million and goodwill by SEK 5.2 million. The estimated useful life of the supplier relationships is five years. The acquisition of Kübler Svenska AB increased the value of supplier relationships by SEK 2.9 million and goodwill by SEK 2.3 million. The estimated useful life of the supplier relationships is five years.

Cont. Note 12

Intangible fixed assets

THE GROUP	2013						
	Goodwill	Trade-marks	Customer relation-ships	Supplier relation-ships	Patents	Software	Total
Accumulated cost of acquisition							
At beginning of year	72.6	41.8	48.1	32.8	-	23.9	219.2
New acquisitions	-	-	-	-	-	5.9	5.9
Purchase acquisitions	-	-	-	-	-	-	-
Sales and disposals	-	-	-	-	-	-	-
Exchange rate differences for the year	0.6	0.3	0.1	0.4	-	-	1.4
Total cost of acquisition	**73.2**	**42.1**	**48.2**	**33.2**	**-**	**29.8**	**226.5**
Accumulated amortisation/depreciation							
At beginning of year	-	-22.4	-18.1	-12.4	-	-2.9	-55.8
Amortisation	-	-3.3	-7.4	-4.4	-	-3.6	-18.7
Acquired accumulated amortisation	-	-	-	-	-	-	-
Sales and disposals	-	-	-	-	-	-	-
Exchange rate differences for the year	-	-0.3	0.2	-0.4	-	-	-0.5
Total amortisation	**-**	**-26.0**	**-25.3**	**-17.2**	**-**	**-6.5**	**-75.0**
Accumulated impairments							
At beginning of year	-6.2	-	-	-	-	-	-6.2
Impairments	-	-	-	-	-	-	-
Total impairments	**-6.2**	**-**	**-**	**-**	**-**	**-**	**-6.2**
CARRYING AMOUNT AT END OF YEAR	**67.0**	**16.1**	**22.9**	**16.0**	**-**	**23.3**	**145.3**

2013
No acquisitions of intangible assets except for software. See the Parent Company below.

Impairment test for intangible assets
The companies have performed impairment tests on cash-generating units containing goodwill and intangible assets with indefinite useful lives, which is considered to be the smallest cash-generating unit, based on the value in use of the units.

Cont. Note 12

GOODWILL AND INTANGIBLE ASSETS WITH AN INDETERMINABLE USEFUL LIFE	2014	2013
Companies		
Goodwill		
Internordic Bearings AB	3.0	3.0
OEM Automatic Klitsö AS	18.0	16.9
Elektro Elco AB	32.5	32.5
All Motion Technology AB is part of OEM Motor AB*	2.0	2.0
Svenska Helag AB	3.0	3.0
Svenska Batteripoolen i Borlänge AB	1.8	1.8
Flexitron AB	5.0	5.0
Akkupojat OY	1.9	1.8
TemFlow Control AB is part of OEM Automatic AB**	1.0	1.0
Scanding AS	5.4	-
Nexa Trading AB	12.0	-
Kübler Svenska AB	2.3	-
	87.9	**67.0**
Supplier relationships with an indeterminable useful life		
Telfa AB	8.8	8.8
TOTAL	**96.7**	**75.8**

** All Motion Technology operations have been moved to OEM Motor AB. ** TemFlow Control operations have been moved to OEM Automatic AB.*

The above amounts relate to goodwill amounting to SEK 87,9 million (67,0) and acquired supplier relationships for Telfa AB amounting to SEK 8.8 million (8.8). These are long-standing supplier relationships with an indefinite useful life that are appraised as stable over the foreseeable future. The usage values are based on estimated future cash flows for a total of twenty (100) years with the starting point in the existing business plans for the next three (3) years. The principal assumptions for the measurement for all cash-generating units are assumptions about margins and volume growth. The business plans are based on experience from previous years, but take the companies' forecasts for anticipated future growth into consideration. Current market shares are expected to increase marginally in the forecast period. According to the business plans, operational growth is expected to reach approximately 2 % (2 %) in most of the companies. Growth has been forecast at approximately 2 % (2 %) for other years during the forecast period. The gross profit margins are expected to reach the same level as at the end of 2014. The forecast cash flows have been converted to a present value using a discount rate of 12 % (12 %) before tax. The recoverable amounts for the units are in excess of their reported values. The company management is of the opinion that no reasonable changes in the key assumptions result in the estimated recoverable amounts for the units being lower than the carrying values.

Cont. Note 12

PARENT COMPANY	2014	2013
Expenses brought forward for software		
Accumulated cost of acquisition		
At beginning of year	29.8	23.9
New acquisitions	1.2	5.9
Sales and disposals	-	-
Total cost of acquisition	**31.0**	**29.8**
Accumulated amortisation/depreciation		
At beginning of year	-6.5	-2.9
Sales and disposals	-	-
Amortisation	-4.3	-3.6
Total amortisation	**-10.8**	**-6.5**
RESIDUAL VALUE ACC. TO PLAN AT END OF YEAR	**20.2**	**23.3**
Accumulated accelerated amortisation		
At beginning of year	-9.4	-7.0
Change for the year	-0.2	-2.4
TOTAL ACCUMULATED ACCELERATED AMORTISATION	**-9.6**	**-9.4**
CARRYING AMOUNT AT END OF YEAR	**10.6**	**13.9**

Expenses brought forward for software are written off during its assessed useful life of five to eight years.

Note 13

Property, plant and equipment

THE GROUP	2014		2013	
	Buildings and land	Fixtures, fittings, tools and equip-ment	Buildings and land	Fixtures, fittings, tools and equip-ment
Accumulated cost of acquisition				
At beginning of year	209.2	135.8	205.7	115.7
New acquisitions	0.7	18.7	1.7	27.4
Acquired through business acquisitions	-	1.4	-	-
Sales and disposals	-13.7	-12.3	-	-13.9
Reclassifications	-	-	-	5.3
Exchange rate differences for the year	6.8	4.0	1.8	1.3
Total cost of acquisition	**203.1**	**147.6**	**209.2**	**135.8**
Accumulated depreciation according to plan				
At beginning of year	-50.2	-84.3	-44.9	-74.5
Acquired through business acquisitions	-	-1.1	-	-
Sales and disposals	5.4	9.2	-	11.5
Depreciation for year acc. to plan based on cost	-4.9	-16.1	-5.0	-15.3
Reclassifications	-	-	-	-5.3
Exchange rate differences for the year	-1.9	-2.7	-0.3	-0.7
Total depreciation according to plan	**-51.6**	**-94.9**	**-50.2**	**-84.3**
CARRYING AMOUNT AT END OF YEAR	**151.5***	**52.7***	**159.0***	**51.5****

** The value of buildings is SEK 141.6 (149.8) for the Group and SEK 14.7 (15.2) for the Parent Company.*
*** The value of car finance leases was SEK 24.8 (22.2).*

PARENT COMPANY	2014		2013	
	Buildings and land	Fixtures, fittings, tools and equip-ment	Buildings and land	Fixtures, fittings, tools and equip-ment
Accumulated cost of acquisition				
At beginning of year	28.6	18.2	28.6	17.5
New acquisitions	-	1.8	-	1.1
Sales and disposals	-	-0.6	-	-0.4
	28.6	19.4	28.6	18.2
Accumulated depreciation according to plan				
At beginning of year	-12.9	-13.8	-12.3	-12.6
Sales and disposals	-	0.6	-	0.3
Depreciation for the year according to plan based on the cost	-0.5	-2.0	-0.6	-1.5
	-13.4	**-15.2**	**-12.9**	**-13.8**
RESIDUAL VALUE ACC. TO PLAN AT END OF YEAR	**15.2**	**4.1**	**15.7**	**4.4**
Accumulated accelerated depreciation				
At beginning of year	-	-0.6	-	-0.5
Change for the year	-	0.0	-	-0.1
Total accumulated accelerated depreciation	**-**	**-0.6**	**-**	**-0.6**
CARRYING AMOUNT AT END OF YEAR	**15.2**	**3.5**	**15.7**	**3.8**

Note 14

Interests in Group companies

PARENT COMPANY	2014	2013
Book value		
At beginning of year	323.8	326.1
Acquisitions for the year	55.6	0.5
Remeasurement of contingent considerations	-	-2.1
Shareholders' contributions	1.3	3.5
Impairments	-10.0	-4.2
CLOSING BALANCE	**370.8**	**323.8**

SPECIFICATION OF THE PARENT COMPANY'S DIRECT AND INDIRECT SHAREHOLDINGS IN SUBSIDIARIES

	Corp. ID no.	Reg. office	No. of shares	Share of capital	Quota value	Book value 2014	Book value 2013
Sweden							
OEM Automatic AB, Sweden	556187-1012	Tranås	-	100 %			
OEM Motor AB, Sweden	556650-6498	Tranås	1,000	100 %	100	0.1	0.1
Telfa AB, Sweden	556675-0500	Gothenburg	1,000	100 %	100	10.0	10.0
All Motion Technology AB, Sweden	556601-7009	Täby	1,000	100 %	100	5.7	5.7
Apex Dynamics Sweden AB, Sweden	556771-7466	Täby	-	100 %			
Svenska Batteripoolen i Borlänge AB, Sweden	556234-3722	Borlänge	2,000	100 %	100	4.2	4.2
TemFlow Control AB, Sweden	556286-7365	Stockholm	1,000	100 %	100	2.3	2.3
Svenska Batteripoolen AB, Sweden	556929-8291	Tranås	5000	100 %	100	0.5	0.5
Elektro Elco AB, Sweden	556564-2716	Jönköping	1,000	100 %	100	68.0	68.0
OEM Electronics AB, Sweden	556054-3828	Tranås	-	100 %			
Internordic Bearings AB, Sweden	556493-8024	Nässjö	-	100 %			
Svenska Helag AB, Sweden	556225-9639	Borås	1,020	100 %	100	12.6	12.6
Flexitron AB, Sweden	556414-6982	Täby	5,000	100 %	100	10.8	10.8
Agolux AB, Sweden	556892-3774	Tranås	5,000	100 %	100	0.5	0.5
Vanlid Transmission AB, Sweden	556233-6643	Malmö	3,000	100 %	100	8.0	8.0
Ronson Transmission AB, Sweden	556322-5829	Malmö	-	100 %			
Fenix Transmission AB, Sweden	556434-4322	Kalmar	-	100 %			
Nexa Trading AB	556327-6319	Gothenburg	2,000	100 %	100	34.0	-
Kübler Svenska AB	556316-7245	Stockholm	2,000	100 %	100	9.1	-
IBEC B.V., Netherlands	-	-	-	100 %			
Finland, Baltic states and China							
OEM Finland OY, Finland	-	-	-	100 %			
Akkupojat OY, Finland	-	-	-	100 %	-	6.3	6.3
OEM Eesti Ou., Estonia	-	-	10,000	100 %	EEK 40	0.0	0.0
OEM Automatic SIA, Latvia	-	-	20	100 %	LVL 200	0.0	0.0
OEM Automatic UAB, Lithuania	-	-	100	100 %	LTL 100	0.0	0.0
OEM Automatic (Shanghai) Ltd, China	-	-	-	100 %	USD 140	0.0	1.2

Cont. Note 14

SPECIFICATION OF THE PARENT COMPANY'S DIRECT AND INDIRECT SHAREHOLDINGS IN SUBSIDIARIES

	Corp. ID no.	Reg. office	No. of shares	Share of capital	Quota value	Book value 2014	Book value 2013
Denmark, Norway, the United Kingdom and Central Eastern Europe							
OEM Automatic Klitsö AS, Denmark	-	-	1000	100 %	DKK 1,000	36.0	36.0
Scanding AS	-	-		100 %	DKK 1,000	12.6	-
OEM Automatic AS, Norway	-	-	-	100 %			
OEM Automatic Ltd, UK	-	-	-	100 %			
OEM Automatic sp.z o.o., Poland	-	-	-	100 %			
OEM Automatic spol.s.r.o. , Czech Republic	-	-	-	100 %	CZK 100	15.5	15.5
OEM Automatic s.r.o., Slovakia	-	-	-	100 %	SKK 200		
OEM Automatic Kft, Hungary	-	-	-	100 %	-	0.0	7.4
Other business units							
OEM Industrial Components AB, Sweden	556051-4514	Tranås	100,000	100 %	5,000	46.2	46.2
OEM Electronics Production							
Technology AB, Sweden	556038-8356	Stockholm	300	100 %	300	78.4	78.4
Internordic Förvaltning AB, Sweden	556302-0873	Nässjö	1,000	100 %	100	1.3	1.3
OEM Logistics AB, Sweden	556194-8521	Stockholm	2,500	100 %	100	1.5	1.5
Intermate Electronics AB, Sweden	556266-6874	Tranås	1,000	100 %	100	0.6	0.6
OEM Fastighetsbolag AB, Finland	-	-	1,200	100 %	FIM 1,200	1.4	1.4
OEM Property Ltd, UK	-	-	400,000	100 %	GBP 400	5.1	5.1
Cyncrona Sp.z.o.o, Poland	-	-	-	100 %			
TOTAL						**370.8**	**323.8**

Note 15

Prepaid expenses and accrued income

	The Group		Parent Company	
	2014	**2013**	**2014**	**2013**
Accrued commission income, etc.	3.7	0.2	-	-
Prepaid rent expense	1.8	1.4	0.1	0.2
Prepaid insurance costs	2.5	2.1	0.3	0.3
Other prepaid expenses	7.9	4.9	4.1	2.1
TOTAL	**15.9**	**8.6**	**4.5**	**2.6**

Note 16

Equity

The shares consist of Class A and Class B. The face value is SEK 1.67.

		2014		2013	
		Shares	Voting rights	Shares	Voting rights
Class A shares	10 votes	4,767,096	47,670,960	4,767,096	47,670,960
Class B shares	1 vote	18,402,213	18,402,213	18,402,213	18,402,213
TOTAL NUMBER OF OWN SHARES		**23,169,309**	**66,073,173**	**23,169,309**	**66,073,173**
Repurchased own shares		-61,847	-61,847	-61,847	-61,847
TOTAL NUMBER OF SHARES OUTSTANDING		**23,107,462**	**66,011,326**	**23,107,462**	**66,011,326**

REPURCHASED OWN SHARES INCLUDED IN THE EQUITY ITEM RETAINED EARNINGS, INCLUDING PROFIT FOR THE YEAR

	Number of shares		Amounts that affected equity	
	2014	2013	2014	2013
Opening repurchased own shares	61,847	61,847	23.3	23.3
CLOSING REPURCHASED OWN SHARES	**61,847**	**61,847**	**23.3**	**23.3**

The Group's translation reserve
The translation reserve includes all foreign exchange gains and losses that arise in translating financial statements from foreign operations that have prepared their financial statements in a currency other than that used in the consolidated financial statements. The Parent Company and the Group present their financial statements in SEK. The translation reserve also comprises exchange-rate differences arising in conjunction with the translation of liabilities reported as hedging instruments of a net investment in a foreign operation.

Parent company's restricted funds
Restricted funds may not be reduced through the payment of dividends.

Reserve fund
The purpose of the reserve fund has been to save a proportion of the net earnings not required to cover retained losses. Amounts which before 1 January 2006 went to the share premium account have been transferred to the reserve fund.

Parent company's distributable equity
The following funds and profit for the year together constitute a distributable reserve, i.e. the amount available for distribution to shareholders as a dividend.

Retained earnings
Retained earnings are the profits and income that remain from the prior year after paying dividends.

CAPITAL MANAGEMENT
New financial targets for the company were set at the Board meeting on 21 October 2014. New targets have been introduced because the market situation is now different to what it was when the last set of targets was established and because the company wants its performance targets to be more clearly defined. The target for sales growth through a business cycle has changed from 15 % per annum to at least 10 % per annum. The Board has taken into account the underlying growth and inflation in the markets in which OEM International operates and it considers this to be a more appropriate target. The previous target was set in the 1990s when the underlying growth and inflation were different. The 15 % target for annual earnings growth over a business cycle has been replaced by a new financial target:
A minimum EBITA margin of 10 % per annum through a business cycle. The reason is that this financial target more clearly defines the level of profitability that the company wants to achieve.

OEM International's new financial targets through a business cycle are:

- Minimum sales growth of 10 % per annum
- A minimum EBITA margin of 10 % per annum
- A minimum return on equity of 20 % per annum
- A minimum equity/assets ratio of 35 %

In the past three years, target achievement, based on the new targets that have been set, has been:	2014	2013	2012
Sales growth	13 %	2 %	3 %
EBITA margin	10 %	11 %	11 %
Return on equity	21 %	17 %	19 %
Equity/assets ratio	49 %	66 %	63 %

DIVIDENDS
After the balance sheet date, the Board proposed a dividend of SEK 4.25 per share (4.00). The Board aims to propose a reasonable dividend of profits to the shareholders, by taking into account the financial position, the tax situation and any need for acquisitions or investments in the operation.

Note 17

Liabilities to credit institutes

	The Group	
	2014	**2013**
Other non-current liabilities		
Bank loan	15.0	12.5
Finance lease liabilities	16.7	15.3
TOTAL	**31.8**	**27.8**
Current liabilities		
Bank loans and overdrafts	207.3	77.5
Current liabilities to credit institutions	-	-
Finance lease liabilities	8.1	6.9
TOTAL	**215.4**	**84.4**
Liabilities that fall due for payment later than five years after balance sheet date	**9.3**	**8.7**
FINANCE LEASE LIABILITIES		
Finance lease liabilities fall due for payment as shown below:		
Within one year	8.1	6.9
Between one and five years	16.7	15.3
Later than in five years	-	-
TOTAL	**24.8**	**22.2**

The finance lease liabilities relate to leasing of cars.

Note 18

Provisions for pensions and similar obligations

	2014	**2013**
Present value of entirely or partially funded obligations	8.5	8.8
Fair value of plan assets	-5.2	-4.9
Net of entirely or partially funded obligations	**3.3**	**3.9**
The net amount recognised in the following items in the Statement of Financial Position:		
Provisions for pensions and similar obligations	3.3	3.9
Net amount in the Statement of Financial Position (obligations + assets -)	**3.3**	**3.9**
The net amount is split over plans in the following countries:		
Norway	3.3	3.9
Net amount in the Statement of Financial Position (obligations + assets -)	**3.3**	**3.9**

Cont. Note 18

	2014	2013
Changes in the present value of the obligation for defined-benefit schemes		
Obligation for defined-benefit schemes as at 1 January	8.8	5.5
Pensions earned during the period	0.3	0.3
Actuarial gains and losses	-0.5	3.5
Interest on obligations	0.3	0.2
Paid benefits	-0.3	-0.2
Exchange rate differences	-0.1	-0.5
Obligations for defined-benefit schemes as at 31 December	**8.5**	**8.8**
Change in fair value of plan assets		
Fair value of plan assets as at 1 January	4.9	4.5
Contributions by employer	0.7	0.4
Benefits paid	-0.3	-0.2
Interest income recognised in the income statement for the year	0.2	0.2
Return excluding interest recognised in the income statement for the year	-0.2	0.3
Exchange rate differences	0.0	-0.4
Fair value of plan assets as at 31 December	**5.2**	**4.9**
Expense recognised in the income statement		
Expense for pensions earned during the year	0.4	0.4
Net interest income/expense	0.1	0.0
Other information	0.1	0.1
TOTAL NET EXPENSE IN THE INCOME STATEMENT	**0.6**	**0.5**
ACTUARIAL ASSUMPTIONS		
The principal actuarial assumptions used when calculating the obligations are as follows: (weighted average values)		
Discount rate	2.3 %	4.0 %

In Norway, all employees are covered by defined-benefit pension schemes. SEK 0.7 million is expected to be paid in contributions for the schemes during 2015. In other countries, except for Sweden, all employees are covered by defined-contribution schemes. The company pays defined contributions to a separate legal entity and has no obligation to pay additional amounts. Costs are expensed on the consolidated income statement as the benefits are earned.

Pension obligations related to the defined-benefit ITP 2 scheme for retirement and family pensions for salaried employees in Sweden are underwritten with insurance provided by Alecta. According to statement UFR 10 Reporting for Pension Scheme ITP 2, issued by the Swedish Financial Reporting Board, the ITP 2 scheme, which is underwritten by the Alecta insurance company, is a defined-benefit multi-employer scheme. For the 2014 financial year, the company did not have access to information that would enable it to report its proportionate share of the scheme's obligations, plan assets and costs. Consequently, it has not been possible to report the scheme as a defined-benefit pension scheme. The ITP 2 pension scheme, which is provided for by means of insurance with Alecta, is therefore reported as a defined-contribution pension scheme. The premium for the defined-benefit retirement and family pension is calculated individually and is based on such factors as the salary, previously earned pension and expected remaining length of service. Expected contributions in the next reporting period for ITP 2 insurance with Alecta amount to SEK 0.7 million (0.7). The Group's share of the total contributions to the pension scheme is 0.005 % (0.004 %), while its share of the total number of active members in the scheme is 0.005 % (0.005 %). The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's actuarial methods and assumptions, which are not consistent with IAS 19. The collective consolidation level is normally allowed to vary between 125 and 155 percent. If Alecta's consolidation level falls below 125 percent or rises above 155 percent, measures must be taken to enable the consolidation level to return to the normal range. If the consolidation level is low, an appropriate measure might be to introduce premium reductions. At the close of 2014, Alecta's surplus, in the form of the collective consolidation level, was 143 % (148 %).

The premiums to Alecta are determined by assumptions regarding interest rates, life expectancy, operating costs and tax on returns, and is calculated in order that the payment of a consistent amount of premium up to the date of retirement is sufficient to ensure that the entire, targeted benefit, based on the insured's current pensionable salary, is, in fact, earned.

There is no agreed framework to guide the process of managing any deficit that may arise. In the first instance, losses will be covered by Alecta's collective consolidation capital and will thus not lead to increased costs through higher contractual premiums. Nor are there guidelines on how any surpluses or deficits should be allocated in the event of dissolution of the scheme or a company's withdrawal from the scheme.

Most of the employees in Sweden are covered by defined-contribution pension schemes. The total cost of the Group's defined-contribution schemes was SEK 19.2 million (17.7). The Parent Company's cost for defined-contribution schemes is SEK 2.4 million (2.4).

Note 19

Other non-current liabilities

	The Group		Parent Company	
	2014	2013	2014	2013
Other non-current, non-interest-bearing liabilities	11.7	-	10.1	-
TOTAL	**11.7**	**–**	**10.1**	**–**

Other non-current liabilities relate to the long-term element of contingent considerations.

Note 20

Bank loans and overdrafts

The majority of the Swedish companies are part of a central accounting system with a total limit of SEK 250 million (125), which is the Parent Company's limit. The subsidiaries' balance/liability in the central account system is reported in the Parent Company, either as a receivable from, or a liability to, the subsidiaries. The total limit in the Group is SEK 447 million (298).

PLEDGED ASSETS TO CREDIT INSTITUTES	The Group		Parent Company	
	2014	2013	2014	2013
Property mortgages	18.9	18.4	7.5	7.5
Business mortgages	53.0	39.1	-	-
TOTAL	**71.8**	**57.5**	**7.5**	**7.5**

Note 21

Contingent liabilities

The Group is currently involved in one ongoing dispute that is subject to judicial review.

At the beginning of April, Lund District Court announced its ruling in a case where the subsidiary Internordic Bearings AB (IBS) has been involved, regarding mutual creditor claims with a client and the client's insurance company for a breach of contract claim. The ruling means that IBS has lost the case against the client. However, the client's insurance company has not been successful in its action against IBS, and the suit has been dismissed by the Court. The ruling means that IBS must pay the client a net amount of SEK 4.9 million, including litigation costs, interest and net of the insurance payments that IBS receives via its own insurance company. The amount is included in the company's and the Group's income statement for the first quarter of 2014. The client and its insurance company have appealed against the ruling to the Court of Appeal. IBS has also decided to appeal against the ruling. Leave to appeal was granted on 15 December 2014. At present, however, it is not known when a Court of Appeal hearing will take place.

Note 22

Accrued expenses and prepaid income

	The Group		Parent Company	
	2014	2013	2014	2013
Accrued holiday pay	27.2	26.0	2.0	2.4
Accrued social security costs	15.1	13.7	1.7	1.9
Prepaid income	0.7	0.3	-	-
Accrued supplier inv./commercial debts	5.5	8.0	-	-
Other accrued expenses	27.4	18.7	4.3	4.2
TOTAL	**75.8**	**66.7**	**8.0**	**8.5**

Note 23

Untaxed reserves

	Parent Company	
	2014	**2013**
Accumulated accelerated amortisation		
At beginning of year	10.0	7.6
Changes in accelerated amortisation for the year	0.2	2.4
AT END OF YEAR	**10.2**	**10.0**
Accruals funds		
Allocated in the fiscal year 2008	-	26.1
Allocated in the fiscal year 2009	21.0	21.0
Allocated in the fiscal year 2010	25.0	25.0
Allocated in the fiscal year 2011	30.0	30.0
Allocated in the fiscal year 2012	33.2	33.2
Allocated in the fiscal year 2013	32.0	32.0
Allocated in the fiscal year 2014	40.0	-
TOTAL	**181.2**	**167.3**
TOTAL UNTAXED RESERVES	**191.4**	**177.3**

Deferred tax constitutes SEK 42.1 million (39.0) of untaxed reserves.

Note 24

Financial risks and risk management

The most significant financial risks for the OEM Group are currency and customer credit risks. Through matching, however, the risks have almost been completely eliminated, through risk elimination that contributes to securing a relatively stable coverage ratio over time for the Group. In addition to the named risks, the Group has a limited interest rate risk in the form of a cash flow risk. The OEM Group's financial activities and management of financial risks is primarily performed in the Parent Company. This is carried out in accordance with the financial policy approved by the Board of Directors. There are frameworks for how risk management is to be conducted and for how risks are to be limited. These frameworks are characterised by a low risk level. The basis is the structured and efficient management of the financial risks that arise in the business.

OEM is of the opinion that the carrying values of financial assets and liabilities approximate their fair values. The Group's holdings of such financial assets that represent fixed assets are fairly limited. At the close of 2014, the amount of non-current receivables was SEK 0.4 million (0.2). At year end, the Group's holding of such financial assets that represent current assets amounted to SEK 290 million (237) and accrued income to SEK 3.7 million (0.2) and other receivables to SEK 13.6 million (10.2). As is evident above, more than 99 % of the financial assets are categorised as loans and receivables. The financial liabilities are measured at amortised cost, except for derivative instruments which are measured at their fair values. The Group does not have any liabilities with fixed interest. The risk of a shift in the interest rate causing a significant change in fair value for the Group is thus non-existent. The company's interest-bearing liabilities are classified within Level 2. The fair values of interest-bearing liabilities are based on estimates of future cash flows of capital and interest, discounted at market interest rate on the balance sheet date. Derivatives are classified within Level 2. The fair values of derivatives are measured using the exchange rates and interest rates on the balance sheet date.

Contingent considerations are classified within Level 3. Refer to Note 4 for further information about contingent considerations.

The item cash and bank balance SEK 80.1 million (172.8), the overdraft item SEK 207.3 million (77.5) and other interest-bearing liabilities SEK 43.2 million (38.6) have variable interest rates and are thus exposed to cash flow risk. Overdrafts apply for one (1) year and the requirement is that the equity/assets ratio of the Group does not fall below 35 %.

THE GROUP'S ASSETS AND LIABILITIES MEASURED AT FAIR VALUE	2014			2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Derivatives	-	0.8	-	-	0.1	-
Liabilities						
Contingent considerations	-	-	19.6	-	-	1.6

CONTINGENT CONSIDERATIONS	2014	2013
Opening book value	1.6	17.1
Acquisitions for the year	19.6	-
Recycled to the income statement	-	-3.1
Consideration paid	-1.6	-12.3
Exchange rate differences	-	-0.1
Closing book value	19.6	1.6

LIQUIDITY RISKS

Liquidity risk relates to the risk that the Group will not be able to fulfil its obligations associated with financial liabilities. This is offset, as far as possible, by establishing a maturity profile that makes it possible to take necessary alternative actions to secure capital if necessary. Cash and bank balance at the end of the year was SEK 80 million (173) and financial current assets were SEK 290 million (237). At the close of the year, the Group's financial liabilities were SEK 364 million (207). The maturity profile is presented in the table below.

	2014					2013				
	Total	Within 1 month	1–3 months	3 months –1 year	1 year and longer	Total	Within 1 month	1–3 months	3 months –1 year	1 year and longer
Overdraft*	207.3	-	-	207.3	-	77.5	-	-	77.5	-
Other interest-bearing liabilities	15.1	-	-	-	15.1	12.5	-	3.8	-	8.7
Trade payables, etc.	158.0	135.5	22.5	-	-	124.9	108.7	16.2	-	-
Finance lease liabilities	24.8	0.7	1.4	6.0	16.7	22.2	0.6	1.2	5.1	15.3
	405.2	136.2	23.9	213.3	31.8	237.1	109.3	21.2	82.6	24.0

** Overdraft runs for one (1) year at a time.*

Interest rate risks
The interest rate risk is low and essentially consists of the cash flow risk that arises when the items cash and bank balance, overdraft and other interest-bearing liabilities have variable interest rates. A one per cent change in interest on the balance sheet date would entail a change of SEK -1.7 million (0.6) in the income statement.

Currency risks
The currency risks are primarily due to purchases being made in foreign currencies. The risks are managed by the customer contract often prescribing that the price must be adjusted in relation to any currency changes. Alternatively, the sale is carried out in the same currency as the purchase. A detailed report is given in connection with the below table. The currency flow of the Group is attributable to imports from Europe, Asia and North America.

As long as it is possible, the Group eliminates the effects of exchange rate fluctuations by using currency clauses in the customer contract and by purchasing and selling in the same currency. On the whole, purchasing is carried out in the supplier's functional currency. The table above shows that 56 % (57 %) of purchases in 2014 is attributable to EUR, 20 % (17 %) to USD, and 5 % (4 %) to GBP, 11 % (13 %) to SEK and 8 % (9 %) to other currencies. The OEM Group manages the effects of changing exchange rates by currency clauses in the sales contract and by invoicing in the same currency as the corresponding purchase. OEM sells goods to Swedish and foreign customers and either invoices in the purchasing currency or in another currency with currency clauses with regard to the purchase currency. The currency clauses adjust 80 % to 100 % of the changes in the exchange rate from the sales order to the date of invoicing, depending on whether OEM receives currency compensation for the profit margin or not. There is often a threshold value, which means that exchange rate changes below 2.25 % are not taken into account. Currency adjustments are made symmetrically for rising and falling currency rates. Currency clauses and sales in the purchasing currency make up about 67 % (66 %) of all sales contracts. Where purchasing is based on sales orders, economic hedging of currency risks is achieved in sales and purchasing. However, in many cases there is a mismatch in timing between purchase orders and sales orders. Purchase orders normally run 7–60 days prior to delivery. The supplier credit period is about 34 days. The currency adjustment clauses means that only currency changes between the time of sale and the time of invoicing affect the amount reported in Swedish Kronor. Since invoicing, in accordance with currency adjustment clauses, is carried out in SEK, there is no exchange rate difference after the date of invoicing. OEM applies the same terms and conditions for adjusting currencies and prices for its Swedish and overseas customers. The changes in values related to the currency clauses are therefore treated consistently from the points of view of risk and accounting. A ten per cent change in exchange rates for the EUR and USD would, using a simplified model, mean about SEK 126 million in change in earnings.

Elektro Elco AB uses foreign exchange forward contracts. The hedged amount is USD 1.4 million (2.1). The market value amounted to SEK 0.8 million (0.1) as at 31 December 2014.

With regard to currency risk, it can be determined that OEM also has balance exposures in the form of net investment in independent foreign operations. At present, these currency risks are not hedged.

Customer and credit risks
The customer credit risks are small. Defined customer limits are carefully decided and strictly applied. Short credit periods and absence of risk concentrations for individual customers, segments or geographic areas contribute to a good risk picture, one that is confirmed by the small historical customer losses. Recognised receivables are measured based on the low level of risk.

The Group has approximately 25,000 purchasing customers in total. The largest individual customer accounted for approximately 4 % (3 %) of sales. The five largest customers accounted for 12 % (11 %) of sales and the ten largest customers accounted for 16 % (15 %) of sales. The distribution of risk is thus very good. Customer losses during the year amounted to SEK 0.9 million (0.8), which corresponds to 0.05 % (0.05 %) of sales. The average credit period rose to approximately 45 days.

Purchases are broken down into percentages as follows:

	2014	2013
EUR	56 %	57 %
USD	20 %	17 %
GBP	5 %	4 %
SEK	11 %	13 %
Other currencies	8 %	9 %
	100 %	100 %

Exchange rate changes significant currencies

Currency	Weighted average 2014	Weighted average 2013	Change
EUR 1	9.09	8.64	5 %
USD 1	6.85	6.47	6 %
GBP 1	11.3	10.19	11 %

The sensitivity of the translation exposure to changes in the exchange rate is explained below:

	Nominal amount SEK million	Sensitivity analysis +/- 5% in exchange rate Impact on the Group's shareholders' equity
CZK	13.3	0.7
DKK	20.8	1.0
EUR	88.4	4.4
GBP	45.3	2.3
NOK	7.0	0.4
PLN	12.5	0.6
HUF	0.5	0.0
LTL	-0.2	0.0
CNY	-2.3	-0.1
TOTAL	**185.3**	**9.3**

Exchange rates used in the preparation of the accounts to translate the income statements and net assets of foreign subsidiaries

Currency	Weighted average 2014	Dec 2014	Weighted average 2013	Dec 2013
NOK 100	108.16	104.66	110.42	105.30
DKK 100	121.95	127.41	115.92	119.46
EUR 1	9.0856	9.4805	8.6391	8.9080
GBP 1	11.2978	12.0988	10.1901	10.6929
PLN 1	2.161	2.1974	2.0493	2.1398
HUF 100	2.9277	2.9959	2.8918	2.9866
CZK 1	0.3285	0.3410	0.3316	0.3235
LTL 1	2.6316	2.7455	2.5025	2.5800
LVL 1	-	-	12.2183	12.5788

Cont. Note 24

AGE ANALYSIS, TRADE RECEIVABLES NOT WRITTEN DOWN (SEK MILLION)	2014	2013
Trade receivables not matured	245.4	199.9
Trade receivables matured 0–30 days	36.4	30.4
Trade receivables matured > 30–90 days	3.6	2.9
Trade receivables matured > 90–180 days	1.0	1.3
Trade receivables matured > 180–360 days	2.7	0.7
Trade receivables matured > 360 days	2.0	3.2
TOTAL	**291.1**	**238.4**

PROVISIONS FOR LOSS (SEK M)		
Balance at beginning of year	1.5	1.4
Effects of business combinations	-	-
Provision for expected losses	0.5	0.6
Confirmed losses	-0.4	-0.5
CLOSING BALANCE	**1.6**	**1.5**

Note 25

Operating leases

	The Group		Parent Company	
	2014	**2013**	**2014**	**2013**
Leases where the company is the lessee				
Non-redeemable lease payments amount to				
Within one year	14.0	10.9	0.2	0.5
Between one and five years	21.2	29.7	-	0.2
Longer than five years	2.7	-	-	-
TOTAL	**38.0**	**40.6**	**0.2**	**0.7**

Most of the above operating leases relate to rents for premises.

	The Group		Parent Company	
	2014	**2013**	**2014**	**2013**
Costs reported during the year for operating leases	15.5	15.7	0.5	0.5
TOTAL	**15.5**	**15.7**	**0.5**	**0.5**

Note 26

Cash Flow Statement

Additional disclosures on the cash flow statement:

	The Group		Parent Company	
	2014	**2013**	**2014**	**2013**
Interest received	0.9	1.3	1.3	1.5
Dividends received	-	-	23.6	30.4
Interest paid	-3.9	-2.9	-1.2	-
Specification items not included in the cash flow				
Amortisation/depreciation	43.2	39.0	6.9	5.7
Capital gain profits	-2.3	-0.6	-	0.1
Other information	-0.8	0.3	0.2	-
Write-off shares	-	-	10.0	4.2
TOTAL	**40.1**	**38.7**	**17.1**	**10.0**
ACQUISITION OF SUBSIDIARY COMPANIES AND OPERATIONS - THE GROUP				
Acquired assets and liabilities				
Intangible assets	47.3	-		
Other fixed assets	0.3	-		
Inventories	13.4	-		
Trade and other receivables	23.1	-		
Cash and cash equivalents	3.1	-		
Total assets	**87.2**	**–**		
Deferred tax liability	7.5	-		
Interest-bearing liabilities	7.4	-		
Current operating liabilities	14.1	-		
Total liabilities	**29.0**	**–**		
Net	**58.2**	**–**		
Consideration				
Consideration for acquired units in the current year	-58.2	-		
Consideration payable	20.4	-		
Specified consideration for acquired units before the current year	-1.6	-12.3		
Deducted: Cash and cash equivalents in the acquired operations	3.1	-		
IMPACT ON CASH AND CASH EQUIVALENTS	**-36.3**	**-12.3**		

Cash and cash equivalents

Cash and cash equivalents currently only consist of cash and bank balance.

Note 27

Information about the Parent Company

OEM International AB (Publ) is a Swedish-registered public limited company with its headquarters in Tranås, Sweden. The Parent Company shares are listed on NASDAQ OMX Nordic Mid Cap in Stockholm. Head office address is Förrådsvägen 2, Box 1009, SE-573 28 Tranås, Sweden.

The consolidated financial statements for 2014 incorporate the financial statements of the Parent Company and its subsidiaries, jointly referred to as the Group.

Note 28

Events after the balance sheet date

On 26 January 2015, OEM International acquired all shares in AB Ernst Hj Rydahl Bromsbandfabrik, known as Rydahls. The company has its head office in Karlstad, sales offices in five other locations in Sweden and is one of Scandinavia's leading suppliers of brake and friction components.

It reports annual sales of approximately SEK 120 million and has 45 employees.
Refer to Note 4 for further acquisition disclosures.

Note 29

Significant estimates and judgements

The Company's management and the Audit Committee have discussed the developments, choices and disclosures regarding the Group's significant accounting policies and estimates, as well as the application of these policies and estimates. The recognised values for certain assets and liabilities are based in part on assessments and estimates. The Company's management, however, finds that none of the recognised assets and liabilities is associated with substantial risks in the future that can cause significant adjustments. The presentation below discusses the areas that can cause adjustments in the future.

Goodwill impairment testing
In measuring the recoverable amount of cash-generating units for the company's assessment of whether amortisation is required for goodwill, future circumstances and estimates of parameters have been assumed. An account of these is given in Note 12. In the opinion of the company's management, a reasonably possible change in the key assumptions would not cause the estimated recoverable amounts to fall below the carrying amounts of the units.

Measurement of other intangible assets
Other intangible fixed assets consist primarily of the values arising at acquisition divided into SEK 23.1 million for supplier relationships, SEK 30.9 million for customer relationships and SEK 12.9 million for brands. Supplier relationships are divided into two amounts, SEK 14.3 million and SEK 8.8 million, respectively. The supplier relationship, with a value of SEK 8.8 million, has an indefinite useful life. As regards supplier relationships with a value of SEK 7.2 million, the assessment is that they will be amortised over a five-year period. A maximum of 59 months remain of the amortisation period. Customer relationships consist of establishments on new markets and it is deemed is that these will be written down over a five-year period. A maximum of 47 months remain of the amortisation period. Trademarks comprise the Hide-a-lite trademark, which includes a number of light fixture series for concealed lighting. The Hide-a-lite trademark will be written off over a ten-year period and 46 months remain of the amortisation period.

Note 30

Earnings per share

Calculations of basic and diluted earnings per share are based on the year's profit attributable to the Parent Company's shareholders. (SEK million)

	2014	2013
Total business units	136.7	121.1
Earnings per share for total, continuing and discontinued operations are based on the following number of shares		
Average number of outstanding shares	23,107,462	23,107,462

	2014	2013
Earnings per share on the number of outstanding shares		
Earnings per share	5.92	5.24

There is no dilutive effect.

Note 31

Related party disclosures

The OEM Group's related parties consist primarily of senior executives (Note 5), other senior executives (Note 5) and major shareholders. The Parent Company and its subsidiaries are related parties. See Note 14. The Parent Company's net sales comprise the sale of services to its subsidiaries. Related party transactions are priced at market-rate terms and conditions.

Proposed allocation of profits

PARENT COMPANY

The following profits are at the disposal of the Annual General Meeting	
Retained earnings	5,378,081.67
Profit/loss for the year	105,516,909.51
	110,894,991.18
The Board of Directors proposes that	
a final dividend of SEK 4.25 per share be paid to the shareholders	98,469,563.25
and that the following be carried forward	12,425,427.93
	110,894,991.18

The Board of Director's comments on the dividend proposal may be viewed on the company's website, www.oem.se or is available upon request. The Board of Directors recommends Monday 27 April 2015 as the record date.

The Board of Directors and the Managing Director declare that the Annual Report has been prepared in accordance with generally accepted accounting policies in Sweden and that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as stipulated in the European Commission's and the Swedish Financial Reporting Board's Regulation (EC) No. 1606/2002 of 19 July, 2002, regarding the application of international accounting standards. The Annual Report and the consolidated financial statements give a fair and true view of the Parent Company and the Group's financial position and results. The Directors' Report for the Parent Company and the Group, respectively, gives a true and fair summary of the Group's and Parent Company's business operations, financial position and results and describes significant risks and uncertainties faced by the Parent Company and companies included in the Group.

As evident below, the Annual Report and the consolidated financial statements were approved for publication by the Board of Directors on 05 March 2015. The Group's Statement of Income, Statement of Comprehensive Income and Statement of Financial Position and the Parent Company's Income Statement and Balance Sheet will be matters for approval at the Annual General Meeting on 23 April 2015.

Tranås, Sweden, 05 March 2015

Lars-Åke Rydh
Chairman of the Board

Ulf Barkman
Member of the Board

Hans Franzén
Member of the Board

Jerker Löfgren
Member of the Board

Petter Stillström
Member of the Board

Agne Svenberg
Member of the Board

Jörgen Zahlin
Managing Director

Our Auditors' Report was presented on 10 March 2015
KPMG AB

Kjell Bidenäs
Chartered Accountant

Auditors' Report

To the Annual General Meeting of OEM International AB (publ), Corp. ID no. 556184-6691

Statement on the Annual Report and consolidated financial statements

We have conducted an audit of the Annual Report and consolidated financial statements of OEM International AB (publ) for 2014. The company's Annual Report and consolidated financial statements are included in the printed version of this document on pages 29–81.

The Board of Directors and the Managing Director are responsible for the Annual Report and the consolidated financial statements.

The Board of Directors and the Managing Director are responsible for the preparation of an Annual Report that gives a true and fair view, as required by the Swedish Annual Accounts Act, and consolidated financial statements that give a true and fair view, as required by the International Financial Reporting Standards (IFRS), as approved by the European Union, and the Swedish Annual Accounts Act, and for the internal control that the Board of Directors and the Managing Director consider necessary in the preparation of an Annual Report and consolidated financial statements that are free from material misstatement, whether due to irregularities or errors.

Auditors' responsibility

Our responsibility is to express an opinion on the Annual Report and the consolidated financial statements based on our audit. We have conducted our audit in compliance with the requirements of the International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require us to comply with professional requirements and plan and conduct the audit to obtain reasonable assurance that the Annual Report and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report and consolidated financial statements. The auditor decides which procedures to use, by assessing the risks of material misstatement in the Annual Report and the consolidated financial statements, whether due to irregularities or errors. In making those risk assessments, the auditor considers the components of the internal control that are relevant to how the company prepares the Annual Report and consolidated financial statements to give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the Annual Report and the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Annual Report has been prepared as required by the Swedish Annual Accounts Act and presents fairly, in all material respects, the financial position of the Parent Company as at 31 December 2014, and its financial performance and its cash flows for the year, in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared as required by the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as at 31 December 2014, and its financial performance and cash flows for the year, in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union, and as required by the Swedish Annual Accounts Act. A Corporate Governance Report has been prepared. The Directors' Report and the Corporate Governance Report are consistent with the remainder of the Annual Report and the Consolidated Financial Statements.

We therefore recommend that the Annual General Meeting adopts the income statement and the balance sheet of the Parent Company and the Group's statement of comprehensive income and statement of financial position.

Statement on other legal and statutory requirements

In addition to our audit of the Annual Report and consolidated financial statements, we have conducted an audit of the proposal for the appropriation of the company's profit or loss, and the management by the Board of Directors and the Managing Director of OEM International AB (publ.) for 2014.

Responsibilities of the Board and the Managing Director

The Board of Directors is responsible for the proposal for the appropriation of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for the management in accordance with the Swedish Companies Act.

Auditors' responsibility

Our responsibility is to express an opinion, with a reasonable level of assurance, on the proposal for appropriation of the company's profit or loss and on its management based on our audit. We have conducted our audit in compliance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board's proposal for appropriation of the company's profit or loss, we have examined the Board's statement and a selection of the underlying information for this in order to be able to determine whether the proposal is consistent with the Swedish Companies Act.

As a basis for our opinion on discharge from liability, in addition to our audit of the Annual Report and consolidated financial statements, we have examined significant decisions, actions taken and circumstances in the company in order to determine the possible liability to the company of any Board Member or the Managing Director. We have also examined the question of whether any Director or the Managing Director has otherwise acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the company's Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

We recommend that the Annual General Meeting appropriate the profit as proposed in the Directors' Report and grant the Members of the Board and the Managing Director discharge from liability for the financial year.

Tranås, Sweden, 10 March 2015

KPMG AB

Kjell Bidenäs
Chartered Accountant

Board of Directors

Agne Svenberg

Born in 1941.

Board member since 1974.

Managing Director through 29 February 2000.

Engineer.

Not employed by OEM.

Other appointments: Chairman of the Board, EG's El o Automation AB, Personality Gym AB and ISP AB.

Number of shares: 665,400 OEM Class A and 219,530 OEM Class B.

Hans Franzén

Born in 1940.

Chairman of the Board 1992–2006. Board member since 1974.

CEO through 31 December 2001.

Engineer.

Not employed by OEM.

Other appointments: Chairman of the Board for Tranås Rostfria AB, TR Equipment AB, Cendio AB and Handelsbanken's local Board in Tranås. Board member of Ovacon AB and IB Medical AB.

Number of shares: 707,376 OEM Class A and 603,990 OEM Class B

Petter Stillström

Born in 1972.

Board member since 2010.

Master of Economics.

Not employed by OEM.

CEO and major shareholder in AB Traction.

Other appointments: Chairman of the Board in Nilörngruppen AB and Softronic AB. Board member in PartnerTech AB, AB Traction, BE Group AB and several unlisted companies in Traction's sphere of influence.

Number of shares: 0.

Jerker Löfgren

Born in 1950.

Board member since 2010.

LLM.

Not employed by OEM.

Senior Legal Counsel in Carnegie Private Banking.

Other appointments: Chairman of the Board, Orvaus AB and Orvaus Närvalen AB.

Number of shares: 0

Lars-Åke Rydh

Born in 1953.

Board Chairman since 2010 and Board member since 2004.

M.Sc. Engineering.

Not employed by OEM.

Other appointments: Chairman of the Board for Nefab AB, Plastprint AB, Schuchardt Maskin AB and Prototypen AB. Board member of Nolato AB, HL Display AB, Östrand and Hansen AB, Investment AB Vitrinen and Olja economic association.

Number of shares: 12,000 OEM Class B.

Ulf Barkman

Born in 1957.

Board member since 1997.

MBA.

Not employed by OEM.

Number of shares: 42,000 OEM Class B

Jörgen Zahlin

Born in 1964.

Managing Director of OEM International AB since 1 March 2000. Managing Director and CEO since 1 January 2002. Group employee since 1985.

Number of shares: 39,832 OEM Class B.

Jan Cnattingius

Born in 1955.

Finance Director. Group employee since 1985.

Number of shares: 10,000 OEM Class B.

Jens Kjellsson

Born in 1968.

Managing Director of OEM Automatic AB. Group employee since 1990.

Number of shares: 11,000 OEM Class B.

Urban Malm

Born in 1962.

Managing Director of OEM Electronics AB. Group employee since 1983.

Number of shares: 2,800 OEM Class B.

Fredrik Simonsson

Born in 1971.

Managing Director of Elektro Elco AB. Group employee since 1993.

Number of shares: 1,000 OEM Class B.

Patrick Nyström

Born in 1958.

Director for the Finland, Baltic states and China Region. Group employee since 1982.

Number of shares: 22,500 OEM Class B.

Sven Rydell

Born in 1973.

Marketing and Communications Director. Group employee since 2008.

Number of shares: 984 OEM Class B.

OEM Shares

OEM International on the stock exchange

OEM's shares were quoted on the Stockholm Stock Exchange's OTC List in December 1983 and since then have shown good growth in price. An investor who purchased 100 shares in OEM for SEK 12,500 at the initial public offering would have had a holding of 7,200 shares worth SEK 792,000 on 31 December 2014. OEM's shares were transferred to the O List in 2000 and its shares have been trading on the NASDAQ OMX Nordic Small Cap market since 2006. As of 2014, the shares have been transferred to the NASDAQ OMX Nordic Mid Cap market.

Price trends

The price of OEM International shares rose during the year from SEK 88.75 to a closing price of SEK 110.00. The highest price paid during the year was SEK 110.00 on 15, 17 and 30 December. The lowest price paid during the year was SEK 72.90 on 30 January. OEM's market value at the close of 2014 was SEK 2,549 million. During the year, the Stock Exchange's index for OMX Stockholm_PI rose 12 %.

Sales

In 2014, 3,460,170 Class B shares (1,622,083) were sold, corresponding to a turnover rate of 15 % (9 %). The average shareholder in OEM therefore retains shares for about 5 (11) years.

OEM's Class B shares were sold on 99 % (92 %) of the trading days. The average daily turnover in 2014 was 14,009 shares (7,083). As at 31 December 2014, OEM International had 2,642 shareholders (2,332). Institutional ownership is about 46 % (43 %) and foreign ownership amounts to 11 % (9 %).

Repurchase of shares

The repurchase programme for shares, which was adopted for the first time by the Annual General Meeting in 2000, is intended to improve the company's capital structure and contribute positively to return on shareholders' equity and earnings per share. After implemented reductions the previous year there are 23,169,309 shares in the company at year-end. In 2011, the company repurchased 61,847 shares at an average price of SEK 53.26. The company had a holding of 61,847 shares at the end of the year. The Board has been authorised by the Annual General Meeting to repurchase up to 10 % of the total number of shares, i.e. 2,316,931 shares. The objective is to continue the repurchases up to 10 % of the total number of shares wherever the Board considers the conditions to be attractive. The acquired shares will be retained, deregistered or used as payment in corporate acquisitions. We have minimised the disadvantages which this can entail, that is, that the number of shareholders is decreased and the liquidity of the share declines, by mainly purchasing large blocks of shares.

Liquidity boosting measures

OEM International has signed an agreement with Remium AB regarding liquidity guarantees for company shares. The aim is to reduce the difference between purchase and sales prices. The goal is to achieve a lower investment cost and to lower the share trading risk for present and future shareholders. Commitments fall within the scope of the NASDAQ OMX Nordic Stock Exchange system with liquidity guarantees and started on 1 December 2004.

Dividend policy

The Board of OEM International aims to propose a reasonable dividend of profits to the shareholders, by considering the financial position and any need for acquisitions or investments in the operations.

Dividends

The Board proposes a SEK 4.25 (4.00) per share dividend, equivalent to 21 % (14 %) of distributable equity in the Group.

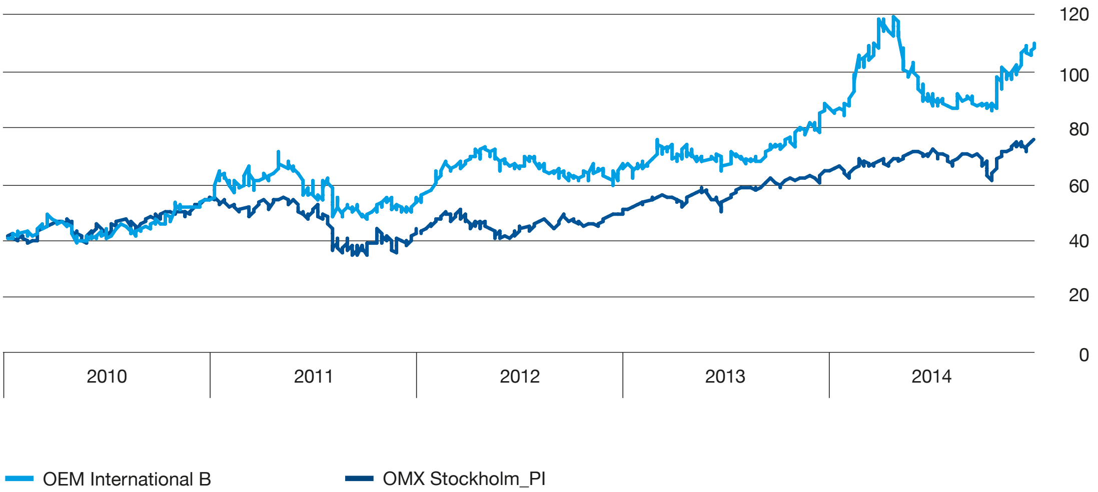
Financial information

OEM aims to maintain high quality as regards information to the market and the media. The goal is for the information to facilitate an accurate valuation and liquid trading of the shares. The dates for the Annual General Meeting, interim reports and annual report for the 2015 financial year are shown on page 2 of this Annual Report.

Financial information is also published on the Group's website (www.oem.se).

The Company offers shareholders the opportunity to receive interim reports and other press releases by e-mail, at the same time as they are made public to the market. Please send an e-mail to: info@oem.se and state "Corporate Information" and you will be placed on our list for future mailings.

Share trends



Shareholding structure

OEM's largest shareholders as at 30 December 2014

	Class A shares	Class B shares	Percentage share capital	Percentage votes
Orvaus AB	1,627,320	2,802,360	19.2 %	28.9 %
Franzén Hans and Siv	1,280,376	1,298,290	11.2 %	21.4 %
Svenberg Agne and Inger	1,223,400	446,986	7.2 %	19.2 %
AB Traction	636,000	227,435	3.7 %	10.0 %
Lannebo equity funds		3,208,942	13.9 %	4.9 %
Nordea Investment Funds		2,721,465	11.8 %	4.1 %
SEB Investment Management		881,375	3.8 %	1.3 %
Fjärde AP Fonden		427,100	1.8 %	0.6 %
Skandinaviska Enskilda Banken S.A.		283,540	1.2 %	0.4 %
Mats Guldbrand		278,600	1.2 %	0.4 %
Total 10 owners	**4,767,096**	**12,576,093**	**75.1 %**	**91.3 %**
Other		5,764,273	24.9 %	8.7 %
TOTAL	**4,767,096**	**18,340,366**	**100.0 %**	**100.0 %**
Votes per share	**10**	**1**		

The company's holding of 61,847 Class B shares is not included in the above break-down.
The purpose is to provide a clear overview of the various shareholders' interests in the company.

Key indicators for OEM shares

The past five years

		2014	2013	2012	2011	2010
Key performance indicators						
Sales per share	SEK	81	72	70	69	62
Sales increase per share	%	13	2	2	11	15
Earnings per share*	SEK	5.90	5.23	5.46	5.42	4.32
Shareholders' equity per share *	SEK	23.82	31.37	29.82	27.95	25.63
Proposed dividend	SEK	4.25	4.00	3.75	3.50	3.00
Dividend/Income	%	72	77	69	65	70
Dividend/Shareholders' equity	%	18	13	13	13	12
Cash flow per share*	SEK	6.52	5.78	5.43	4.67	4.99
Risk key indicators						
Rate of turnover for shares	%	15	7	12	9	8
Valuation ratios						
Quoted price as per 31 December	SEK	110.00	88.75	67.00	55.00	54.50
Quoted price as per 31 December*	SEK million	2,549	2,056	1,552	1,274	1,268
P/S ratio	times	1.4	1.2	1.0	0.8	0.9
P/E ratio	times	18.6	17.0	12.3	10.1	12.6
Price/Shareholders' equity	%	462	283	225	197	213
EV/Sales	times	1.4	1.2	0.9	0.8	0.8
EBIT multiple	times	12.3	10.1	9.2	6.9	8.4
Direct return	%	3.9	4.5	5.6	6.4	5.5

** Calculated on total number of shares.*

The key indicators are based on the continuing operation. Comparative information for 2010 to 2014 has been restated.

Shareholder analysis

As at 30/12/2014*

SIZE CLASS	Percentage of no. of shareholders	Percentage of share capital
1–500	51.5	1.1
501–1,000	18.4	1.5
1,001–2,000	12.9	2.2
2,001–5,000	9.3	3.4
5,001–10,000	3.6	2.9
10,001–20,000	2.0	3.2
20,001–50,000	1.1	3.9
50,001–100,000	0.4	3.3
100,001–5,000,000	0.8	78.5
TOTAL	**100.0**	**100.0**

The total number of shareholders in OEM is 2,462.

**) Source: Euroclear Sweden AB. Directly and fund manager registered. In the table, ownership details may be a combination of several items in Euroclear Sweden's statistics.*
This combination is intended to show an institution's or a private individual's total ownership in OEM.

Change in share capital

Year	Transaction	Change in share capital, SEK million	Total share capital, SEK million	Average no. of shares	Face value per share SEK
	Opening value	0.1	0.1	500	100.00
1981	Bonus issue	0.3	0.4	4,000	100.00
1983	Split	-	0.4	40,000	10.00
1983	Bonus issue	0.4	0.8	80,000	10.00
1983	New issue	0.8	1.6	160,000	10.00
1983	New issue	0.4	2.0	200,000	10.00
1986	Bonus issue	4.0	6.0	600,000	10.00
1986	New issue through conversion	0.4	6.4	636,000	10.00
1994	Split	-	6.4	1,272,000	5.00
1996	Bonus issue	6.4	12.7	2,544,000	5.00
1996	Bonus issue	12.7	25.4	5,088,000	5.00
1997	New issue through subscription in kind	20.1	45.5	9,113,703	5.00
2001	Reduction	-3.9	41.6	8,332,203	5.00
2003	Reduction	-1.0	40.6	8,132,203	5.00
2004	Reduction	-2.0	38.6	7,723,103	5.00
2007	Split	-	38.6	30,892,412	1.25
2007	Redemption	-9.6	29.0	23,169,309	1.25
2007	Bonus issue	9.6	38.6	23,169,309	1.67
2014	Split	-	38.6	46,338,618	0.83
2014	Redemption	-19.3	19.3	23,169,309	0.83
2014	Bonus issue	19.3	38.6	23,169,309	1.67

Definitions

EBITA:
Operating profit before amortisation of acquisition-related intangible fixed assets.

Return on total capital:
EBITA plus finance income as a percentage of average total capital

Return on capital employed:
EBITA plus finance income as a percentage of average capital employed.

Capital employed:
Total assets minus non-interest-bearing liabilities and provisions.

Return on equity:
Profit for the year divided by average shareholders' equity.

Debt/equity ratio:
Interest-bearing liabilities divided by shareholders' equity.

Interest coverage ratio:
Operating profit for the year plus finance income in relation to interest expense.

EBITA margin:
EBITA as a percentage of net sales.

Operating margin:
Operating profit as a percentage of net sales.

Profit margin:
Profit/loss before tax as a percentage of sales.

Capital turnover rate:
Net sales divided by total assets.

Net sales per employee:
Net sales divided by average number of employees.

Equity/assets ratio:
Shareholders' equity as a percentage of total capital.

Quick ratio:
Current assets less inventories divided by current liabilities.

Earnings per share:
The profit or loss for the year divided by the number of shares.

Shareholders' equity per share:
Shareholders' equity divided by the number of shares.

Direct return:
Dividend per share divided by the quoted price at end of year.

Net sales per share:
Net sales divided by the number of shares on the market at end of year.

Net sales increase per share:
Increase of the net sales per share.

Dividend/Profit payout ratio:
Proposed dividend in relation to the Group's equity and non-controlling interests.

Dividend/Shareholders' equity:
Proposed dividend in relation to the Group's equity and non-controlling interests.

Cash flow per share:
Operating cash flows divided by the number of shares.

Rate of turnover for shares:
The number of shares sold during the year divided by the number of outstanding shares at year-end.

P/S ratio:
Stock market value in relation to net sales.

P/E ratio:
Quoted price as per 31 December divided by earnings per share.

Price/Shareholders' equity:
Quoted price divided by shareholders' equity per share.

EV/Sales:
Enterprise value (market value + net debt + non-controlling interests) divided by net sales.

EBIT multiple:
Enterprise value divided by operating profit after depreciation/amortisation.

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